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THURSDAY, JANUARY 22, 1942



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The NATIONAL UNDERWRITER

Forty-sixth Year—No. 4

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JANUARY 22, 1942

\$4.00 Year, 20 Cents a Copy

Hoping Department May Find Way to Stay Commissions

Texas Insurance Men
Much Concerned Over
the Competition

DALLAS, TEX.—Insurance men throughout Texas are much concerned over the fire insurance commission competitive situation which is getting more acute and may break out in almost any form. The Texas Association of Insurance Agents is watching the situation carefully and company men of course are on the alert.

The impact is at its worst in south-east Texas, radiating from San Antonio where the loss ratio as a rule is quite low. San Antonio itself has shown a most excellent loss record and therefore companies are pushing for business at a lively rate.

Attitude of Texas Companies

There is a difference of opinion as to how far the Texas home companies can be held responsible for the situation. They have always had an edge on the orthodox 20 percent flat companies. Most of them have paid 25 percent and some 25 percent and contingent. It will be remembered that when the state insurance department undertook to rule that 20 percent commission was the maximum that could be paid, the Gulf of Dallas went into court and tested the authority of the department to rule on commissions and it was upheld. However, many of the agents feel that some Texas companies may be taking an opportunistic course but that they have not been responsible for the present commission plight.

The so-called outside companies and groups that pay excess commissions and operate independently in other parts of the country undoubtedly have done much to muddy the waters. Some companies have gone as high as 40 and 45 percent and in a few instances 50 percent contracts have been mentioned. Agents that represent these high commission companies are switching their business as discreetly as they can to them and that is causing the resentment.

Stuyvesant's Participating Policy

The Stuyvesant is operating in the state through Roberts & Rhea of Ft. Worth that chiefly represent Lloyds and mutuals. It is issuing a participating policy and has gotten a foothold in some places. It is the only stock company writing a participating contract here. The General of Seattle which is aggressive in Texas does not write a participating policy in the state.

Another factor in Texas that is causing more or less trouble is the action of mortgage loan people, especially

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U. S. War Damage Fund Would Be Set at \$1,000,000.

WASHINGTON—Moving to carry out administration plans to protect the public from loss through enemy air raids, Senator Wagner of New York, chairman of the banking and currency committee, has introduced legislation to authorize the Reconstruction Finance Corporation to insure such risks through a subsidiary to be given a capital appropriation of \$1,000,000,000.

The Wagner bill is not, in reality, an insurance measure, since the proposed government agency would issue no policies and collect no premiums. The \$1,000,000,000 fund would be for the purpose of guaranteeing that any person suffering property damage by enemy action would be compensated for his loss.

The War Insurance Corporation was set up by the RFC at the end of the year, but has not yet been able to function because of lack of a charter and funds.

What New Bill Provides

The bill provides that the War Insurance Corporation shall use its funds "to provide, through insurance or otherwise, reasonable protection against loss of or damage to tangible property, real or personal, which may result from enemy attack. WIC shall, with the approval of the Federal Loan Administrator, establish the terms and conditions upon which such protection shall be provided and upon which payment shall be made for the loss of or damage to property accorded such protection. Such protection shall be limited to property situated in the United States, including the several states, District of Columbia, Alaska, Hawaii, Puerto Rico and the Virgin and Philippine Islands."

Hearings on legislation authorizing the Federal Loan Agency to provide raid insurance through the War Insurance Corporation for citizens of the country are scheduled to begin next week, provided the pending price-control legislation has been enacted by that time.

The hearings will be conducted by the Senate banking and currency committee on the bill recently introduced by Senator Wagner, its chairman. A companion measure has been introduced in the House by Representative Steagall of Alabama.

Under the terms of the legislation, the War Insurance Corporation would be given a fund of \$1,000,000,000 with which, through insurance or otherwise, to provide "reasonable cost" protection against loss of or damage to civil property, real or personal, as a result of enemy attack.

So far, no decision has been reached whether this project should be carried out by insurance or "otherwise," and it is expected that Federal Loan Administrator Jesse Jones will give his views on that point when he appears before the committee.

War Risk Sales in Cincinnati

CINCINNATI—The Stanley Spragens agency reports a rushing business on war risk and bombardment property damage insurance. More than 750 poli-

Losses in 1941 5.18% Higher Than During 1940

With an increase in loss estimates for December of 9.23 percent as compared with the same month in 1940, total losses for 1941 exceeded those of the previous year by 5.18 percent, according to the National Board tabulation. The losses in December, 1941, are estimated at \$31,261,000, as compared with \$28,617,000 for December of the previous year.

Year Started Off Well

The total losses for the 12 months of 1941 are given at \$322,357,000, which compares with \$306,469,000 during the previous year. The year 1941 got off to a very auspicious start with losses in January being 27 percent less than those of January, 1940, and in February of 1941 the losses were less by 24.1 percent than in February of the previous year. However, in every month after that the losses increased in relation to the experience of the same month a year previous. The biggest percentage increase was in October, it being 39.37. The greatest losses in any one month during 1941 occurred in March where the total was \$31,471,000. The December record was only about \$200,000 shy of that mark. The losses in December exceeded those of any December since 1938 when the figure was \$32,758,644.

Below is given the record by months for 1941, 1940 and 1939:

	1939	1940	1941
Jan.	\$ 27,015,316	\$ 36,260,650	\$ 26,470,000
Feb.	29,303,520	34,410,250	26,102,000
Mar.	30,682,168	29,785,800	31,471,000
Apr.	27,061,522	26,657,190	29,330,000
May	27,031,700	23,446,590	25,637,000
June	24,190,700	19,506,000	24,943,000
July	22,468,304	20,322,800	23,698,000
Aug.	23,800,500	20,722,100	24,122,000
Sept.	22,837,250	21,198,000	24,688,000
Oct.	24,300,500	22,091,140	30,823,000
Nov.	27,248,160	23,419,000	23,822,000
Dec.	27,059,200	28,617,000	31,261,000

Tot. 12 Mos. \$313,498,840 \$306,469,520 \$322,357,000

No Decision Reached on Mid-year Meeting

NEW YORK—The officers and members of the executive committee of the National Association of Insurance Agents are still pondering over the question of the mid-year meeting. Inasmuch as Augusta, Ga., is unable to accommodate this convention as originally intended because the hotels are occupied by military men, and because of the war situation, there has been a demand from some quarters that this meeting be eliminated. Some agents, however, feel that owing to the many changes that have been made and the uncertainty of the future it behoves members to get all the information possible. These favor having the meeting. No decision has yet been reached.

cies have been sold since the outbreak of war. Written through General of Seattle, this form, according to Mr. Spragens, is available on a one year noncancelable basis for selected dwelling houses and contents, suburban stores and apartment buildings. Shorter term policies are also sold on certain other risks after careful selection.

Outlines Ideas on Government Regulation

Blanchard Gives Forthright Study of Subject in Fenn College Talk

CLEVELAND—The increasing demand for security and equity enforced by governmental authorities will continue, with special emphasis on insurance, Dr. Ralph H. Blanchard of the Columbia University School of Business, and president of the Casualty Actuarial Society, stated in his talk on "Insurance and Government." Dr. Blanchard's address, the first annual lecture on insurance to be delivered at Fenn College here, dealt with problems of state regulation in a scholarly but forthright manner. In view of the apprehension within the business that some form of federal control may be imposed, the paper is extremely timely.

Dr. Blanchard suggested that governmental regulations on insurance should be applied along the broad general principles of allowing the widest possible field for the exercise of private initiative, but subjected to restraint and guidance. He put forward several specific ideas along this line as suggestions. Insurance interests, he said, in setting up operation of various boards and bureaus, might well ponder them, for they can apply to nongovernmental as well as to governmental regulations.

Standards, Not Regulations

Legislation should set up standards rather than attempt minutely to regulate insurance, and for two reasons, he said. The ability and method of legislatures are much better suited to the determination of broad policies than to the adoption of detailed rules. In the second place, statute law, once enacted, is difficult to change, and broad policies retain their validity over longer periods than do the rules for applying them. For example, insurance carriers should be required to maintain assets to offset the present value of their expected losses, but the determination of values should be left to administrative experts.

Wherever possible, insurance should be left free to develop new ways of serving the public, wherever this can be done without opening up a path of dishonesty or incompetence. An insurer desiring to write a new line not specifically authorized by law must in most states apply to the legislature for an enabling amendment. While the purpose of listing the kinds of insurance the carriers may write is to prevent unsound ventures, there is just as much room for unsoundness in lines presently authorized as in novel fields.

Power and freedom to act are extremely important to an insurance department in protecting the public from the effects of bad or dishonest management.

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Significant Facts in \$625,000 Warehouse Loss

The fire that almost completely destroyed the one-story building at 3601 South Racine, Chicago, about two weeks ago, will result in an insurance loss of approximately \$625,000, exclusive of use and occupancy. One concern carried a line of \$925,000 U. & O. on raw stock stored in the warehouse, but adjusters have not gotten into this phase of the insurance liability of the loss.

The warehouse, operated by the Hermann Warehouse Co., consisted of two units, the large one-story section, which was almost completely destroyed, and a three-story section in the basement in which there was a considerable contents water damage.

Merchandise was stored as high as the sprinklers throughout the entire warehouse, and it is said this same situation exists in many other commercial warehouses today as well as in private storage space of merchants and manufacturers who have, because of the situation with respect to supplies and raw stocks, bought as heavily in advance as possible.

Distribution of Insurance

The total fire insurance property damage carried on the Hermann warehouse setup was \$960,000. Of this \$210,000 was carried on the building, and there will be a loss of approximately \$125,000. This is on the one-story unit. There was approximately \$750,000 carried on contents, and the loss in this category will be about \$500,000.

The one-story and three-story units were connected by a tunnel in the basement and by a dock opening at the first floor. The insurance companies will pay about \$200,000 in loss on contents in the basement of the three-story unit because of water damage only. This is in spite of considerable salvage of canned goods stored there. Water used in fighting the one-story building spread in the basement of the three-story unit through the tunnel opening until it was "practically running out of the windows."

The warehouse contracted last summer to have a leg of the sprinkler system in the one-story unit repaired. At the time of the fire this was being done. While some riveting with an acetylene torch was being done, a hot rivet dropped through a hole in a roof, and though there was a man below with a bucket of water to catch rivets in case they fell, this one ricocheted into some bales of cotton linters. The burlap wrappings were ignited, and there was a quick fire.

To repair the sprinkler system in the one-story unit, the sprinkler system had to be cut off. The system from the three-story unit was attached. However, because the merchandise was piled so high, unit heaters throughout the storage area were not completely effective, and some of the pipes of the sprinkler system froze. Consequently, they were not operating when the fire set in.

The loss involved is a substantial one for the companies and the circumstances surrounding it serve forcibly to call attention to the existence of similar situations in many other storage spaces throughout the country. The merchandise and stocks are piled so high in many instances that sprinkler systems will not work effectively even if they are in first class shape and ready to function when the blaze starts. The Hermann fire illustrates how much value can be concentrated in a comparatively small area, not only with respect to property damage, but also as to raw stock U. & O.

Watch Michigan Legislature

LANSING, MICH.—Although it is not known that insurance subjects will be considered, the special session of the Michigan legislature that convened Monday, will be watched closely by insurance observers.

Official Report on Big Elevator Loss



The Grain Association has issued its official loss report on Great Northern Elevator "X" at Superior, Wis., estimating the loss as total to insurance of \$1,352,962. This includes \$194,385 on building and machinery, the assured being Great Northern Ry.; \$100,000 U. & O. and \$1,058,577 on grain, the assured being Archer-Daniels Midland Co.

The report states advantage was being taken of the cold weather—12 degrees below zero—to turn heated grain when fire broke out in leg No. 3, probably caused by choke and resulting friction. This fire was being fought by employees

and the fire department, which responded quickly, when a minor explosion occurred, followed by a most violent one in which five employees and two firemen were injured, but none fatally.

The statement in last week's edition that the U. & O. covered blanket on another building besides Elevator "X" was erroneous. The entire amount applies to Elevator "X." Also the cause of the fire, as outlined in that report, seems to have been misstated in the light of later investigation.

The picture shows the heap of charred grain in the ruins of the house.

Norton Retires in American Group

Harry S. Norton, superintendent of agencies of the American of Newark group has retired, under the pension plan.

He started in insurance with the Rockford, which was reinsured by The American in 1899. His entire insurance career totalled nearly 50 years.

After serving in American's western department as an examiner for several years, he spent years as state agent in Wisconsin, and was largely responsible for the sound foundation development of the company in that state.

He was appointed superintendent of agencies in 1928, and aided in the administrative affairs of the group's western business until his retirement.

Although Mr. Norton was born in Iowa, he has resided in Rockford since his early youth. He now makes his home at 319 Camlin avenue, Rockford, Ill.

K. H. Holmgren of Spartan School of Aeronautics addressed the luncheon meeting of the Insurance Women's Club of Tulsa.

THIS WEEK IN INSURANCE

Great concern in Texas is seen in the disturbed commission situation. **Page 1**

Fire losses in 1941 exceeded those of 1940 by 5.18 percent, the National Board reports. **Page 1**

Dr. Ralph H. Blanchard treats exhaustively problems and developments in the field of **governmental regulation of insurance**. **Page 1**

Administration bill is introduced in the senate to create a fund of \$1,000,000,000 to guarantee the public from loss through **enemy air raids**. **Page 1**

At various meetings held prior to the annual meeting of the **Chicago Board** Thursday to vote on important changes, the main discussion pertained to the rule reducing class 1 representation to three agencies and the so-called 80-20 rule. **Page 3**

Method of canceling automobile finance risks is to be determined in California through the courts, the issue having been precipitated by **Dubuque F. & M.** **Page 2**

Liberty Mutual, insurer of the general contractor that was doing the work at Guam, Midway and Wake Islands, will

Ottosen Leaves Utah Department

SALT LAKE CITY—Deputy Commissioner C. N. Ottosen has resigned to become assistant attorney general. The news of the resignation was received with considerable surprise in insurance circles. No thought of a successor has been given consideration, and the belief is that the post will remain vacant indefinitely.

Mr. Ottosen was graduated from the law school of the University of Utah, in 1930, and for three years following his graduation was special agent with the F.B.I. in Salt Lake City. From 1933 to 1935 he was special investigator for the Salt Lake county attorney's office, and then was appointed deputy commissioner by former Commissioner C. C. Neslen.

Fireman's Fund Expands in N. Y.

NEW YORK—The Fireman's Fund group has leased the entire grade floor and six additional floors in the 116 John street building, the transaction involving a rental of approximately \$1,250,000 over a period of years. The large increase in space was necessitated by the rapidly expanding business of the Fireman's Fund group here.

pay workmen's compensation benefits

to the families of employees that were taken prisoners by the Japanese. **Page 17**

Equity rating program for boiler and machinery business is suspended until March 1, following the making of a formal protest in behalf of the organized producers. **Page 17**

Attendance is heavy at the **Texas casualty and surety** meetings in Dallas and Houston. **Page 18**

Premiums "overdue" from U. S. cut into surplus showings for the year. **Page 18**

In view of the automobile situation, **automobile specialty companies** are likely to undertake to diversify their lines and burglary insurance may be pushed quite aggressively. **Page 19**

Salary deduction plan for payment of automobile premiums in New York seem now to be menaced, because it violates the state labor law. **Page 18**

Program is announced for mid-year meeting of **National Association of Accident & Health Underwriters** in Kansas City. **Page 20**

Compensation loss ratio on defense projects so far has been low. **Page 20**

Method of Canceling Finance Risks Is Cal. Issue

An issue has arisen in California as to whether an insurance company, in connection with finance business, is liable to the individual motorist for return of the gross premium in the event of cancellation of the cover on the part of the insurer, or whether the insurance company is justified in causing the individual to look to the finance company for recovery. The company that is interested is Dubuque Fire & Marine, which recently canceled all of its automobile finance business nationwide.

In California, Dubuque instructed its general agent to effect cancellation with the finance companies. At the same time Dubuque F. & M. notified each of the individual car purchasers that cancellation was being effected and directed them to collect the return premium from the finance company. The finance companies, apparently in an endeavor to capture their unearned commissions, refused to meet these demands for a return premium. They sought to force Dubuque F. & M. to pay the return, on a gross basis, direct to the individual motorist.

Dubuque Fire & Marine decided to have the issue settled through the courts. As was anticipated, Commissioner Camineti of California, who had heard from many of the motorists involved, issued an order to Dubuque to show cause why its license in California should not be canceled. A hearing has been set for Jan. 22. This brings the issue to a head and prepares the way for a court decision on the fundamental question involved. The return commissions involved amount to approximately \$7,500.

Mr. Camineti has also issued a show cause order to Clarence de Veuve & Co., California general agent of Dubuque.

The order to Dubuque says in part the company "failed to carry out your contracts in good faith and have, in numerous instances, habitually and as a matter of ordinary practice and custom compelled claimants under your policies to resort to litigation against you to secure the payment of amounts legally due."

The order also sets forth three cancellation clauses used by the company and then goes on to say that the "notices of cancellation are indefinite, ambiguous and unintelligible."

Shepard Now Laboratories' Chief Electrical Engineer

Robert B. Shepard, head of Underwriters Laboratories' electrical work since 1924, has been appointed chief electrical engineer, the new title being created to make clear that his responsibility extends over all electrical department work, including that done at the New York, Chicago and San Francisco testing stations. He also is senior resident engineer at the laboratories' New York office, which is the home office of the electrical department.

Mr. Shepard joined the laboratories staff in 1913 as factory inspector in Schenectady. In 1917 he became assistant electrical engineer in charge of electrical work in the east, in 1922 was promoted to associate electrical engineer, and in 1924 became electrical engineer in charge of all the laboratories' electrical work.

He is a graduate of Union College, Schenectady, with a B. E. in electricity, in 1910.

W.F.A. Vandalism Rates the Same

Western Factory Association has not increased its rates for the vandalism and malicious mischief endorsement. The Factory Insurance Association recently doubled these rates, from 3 to 6 cents, and the Factory Mutuals increased them from 4 to 6 cents.

Interest Centers on Two Points in Chicago Program

Discuss 3 Class 1 Agency Proposal and 80-20 Rule at Caucus

The class 1 members of the Chicago Board gathered Monday afternoon to hear an explanation of various features of the program for dividing the board into two organizations, one a rating bureau and the other a trade association and to make a large number of other important changes in the setup of the board. The proposals will be voted upon at the annual meeting Thursday of this week. The meeting Monday was to give the members a thorough understanding of the nature and reasons for the various proposals, to answer questions, etc., so that the procedure at the annual meeting could be expedited. In order to accomplish the changes there will be submitted a number of resolutions and then there are a great number of changes in the by-laws and at the Monday gathering the significance of these various changes was pointed out.

Last week a number of the company managers gathered for an informal conference to discuss the situation and the Chicago Insurance Agents Association held a luncheon meeting on the subject. The Insurance Brokers Association of Illinois, which held one session, and intended to call another to which non-members would be invited, did not hold the second gathering.

George Bowman Presides

At the Chicago Board gathering President George Bowman presided and introduced the program in 14 paragraphs, with open discussion of each.

The greatest amount of discussion centered about the proposal to reduce the number of permissible class 1 representatives per company to three from four and that to require a supervising or class 1 agent to receive 80 percent of its business from suburban agents or brokers. Considerable opposition was voiced to these changes. Although the 80-20 rule is not applicable to existing agencies, such agencies would be subject to it in event of changes in which the existing proprietary interest ceases. A number of agents apparently feel that their future status might be jeopardized by that provision.

So far as the other 12 points are concerned there was virtually no dissent.

In reporting the proposed changes in the setup of the Chicago Board last week, THE NATIONAL UNDERWRITER made an error in stating that one of the recommendations is that the dues for the first individual member from a class 1 agency be reduced from \$100 to \$50. As a matter of fact, the reverse is true. The proposal is to increase the dues, which have been \$50 for many years, to \$100. For second and subsequent individuals from an agency, the annual dues would remain at \$20.

Miller Winston-Salem Head

WINSTON-SALEM, N. C.—M. E. Miller was elected president of the Winston-Salem Insurance Exchange at the annual meeting. R. M. Watson is retiring president.

M. A. Wilkinson was elected vice-president and Theron Walsh secretary-treasurer. New directors are H. C. Horton, Paul Nunn and W. W. Conrad.

Miller Chairman of Wisconsin Agents

MILWAUKEE—Grover Miller, Racine, was named executive committee chairman at a meeting of officers and the executive committee of the Wisconsin Association of Insurance Agents here. He is immediate past president and suc-



GROVER MILLER

ceeds Donald Van Wart, Beloit, who recently resigned to attend to his private business.

While it has been the practice of the organization to advance the chairman of the executive committee to the presidency, the present move reverses this process and may be followed in the future. There are three vice-presidents. The change is in line with the proposal of the National Association of Insurance Agents and has been under consideration by the committee on revision of by-laws.

Hilda Rogers, of the insurance department of Dick & Reuteman, Milwaukee, was elected secretary to succeed R. B. Ebert, who has become special agent of Connecticut Fire. She is vice-president of Insurance Women of Milwaukee, has been with the Milwaukee agency for 12 years and previously was in the office of F. L. Weintraub, state agent of the Sun, and with Fish & Schulkamp, Madison. She will retain her agency connection.

Al. A. Veitenhaus, who recently succeeded W. F. Koch as manager of the Dick & Reuteman insurance department, also became treasurer of the state association when Mr. Koch left the local agency field. The local offices of the state association will be moved from the Milwaukee Board of Fire Underwriters headquarters to the Century building, 808 North Third street.

The Wisconsin association will hold its mid-year meeting at Hotel Schroeder, Milwaukee, April 16-17, with the program built along insurance school lines. The proposed circuit school idea has been abandoned for the duration because of traveling difficulties. Because of the war, also, the annual meeting will be held in Milwaukee next fall.

K. C. Patrol Reelects Officers

President Raynolds Barnum and other officers of the Underwriters Fire Patrol of Kansas City, Mo., were reelected at the annual meeting. Officers assigned committee duties are: Cliff C. Jones, vice-president, service; J. B. Wallace, vice-president, public relations; B. W. McClure, vice-president, legal; B. J. Fradenburg, secretary, finance. The organization is maintained house, and F. V. Griffith, treasurer, by fire insurance companies. The annual report showed alarms responded to, 951; mileage, 7,298; covers used for merchandise and furniture, 637; roof covers, 278; sprinkler heads furnished for replacement, 196.

Tells of Magnesium Fire Prevention and Control

Two or three serious fires have focused the attention of insurance people on magnesium and methods of handling the metal safely. Because of their extreme lightness, which is about two-thirds of aluminum, and their remarkable workability magnesium alloys are being extensively used throughout the country in war production, particularly in aeroplane manufacture, according to R. I. Thrune, safety engineer of the Dow Chemical company of Midland, Mich.

Mr. Thrune discussed "Control and Elimination of Magnesium Fire Hazards" for approximately 90 members of the Association of Fire Insurance Examiners of Chicago at a dinner there. H. C. Brose, America Fore, president, was in charge of the meeting.

Hundreds of new factories are going up and have gone up over the country, Mr. Thrune pointed out, and most of them will work with magnesium. Castings, manufactured in only a few plants, are shipped to many machine shops over the country. Mr. Thrune confined his comments to the latter.

Insurance people may turn up situations with which those who work with magnesium in the laboratory are not familiar, and Mr. Thrune urged the fire examiners to pass them along.

Magnesium can be handled safely and easily, he said, if its peculiar properties are recognized and controlled, and magnesium fires prevented.

Use of Water Dangerous

In general, it is dangerous to have water close to magnesium because the metal combines with oxygen. This is true also of compounds containing chlorine or nitrogen. However, if good housekeeping has been maintained, the sprinkler system, particularly if it has a fine spray, is helpful when a fire occurs. The spray serves to decrease the heat of the fire, to confine it to a certain extent, and at the same time to cause the magnesium to burn out more quickly.

Agents and underwriters should learn the trade names of magnesium alloys, such as "Dow metal," so that the hazard will be recognized and properly un-

derwritten and watched, Mr. Thrune said.

The Dow company has published a pamphlet dealing exhaustively with the control and elimination of magnesium fire hazards, and is distributing this widely to concerns who are interested.

Discussing the recognition of hazards Mr. Thrune said that finely divided magnesium turnings, shavings and dust, when moist with water or water-soluble cutting oils, present a very serious fire hazard. Dry fines will easily take fire from a flame, sparks, or friction from dull tools. Closed iron containers should be used for dry, finely divided scrap magnesium. Dust from sawing, grinding, or buffing operations will burn rapidly when ignited by a spark or flame. Under certain conditions mixtures of magnesium dust and air are explosive. A special fire hazard is encountered when grinding or wire brushing chrome-pickled magnesium since sparks are very readily produced.

Procedure in Melting

Melting, casting or otherwise handling molten magnesium must be handled with caution. Moisture is dangerous, and ladles, skimmers, and sludge pans must be perfectly dry and hot before contacting molten metal, and must be kept free from iron scale.

A magnesium fire on a wooden surface generates gases from the wood and these accelerate combustion of the metal. An ordinary dry concrete floor is relatively safe in contact with a small magnesium fire, but with a hot one the concrete will explode and scatter the fire. Floors in the vicinity of the melting units should be of iron or hard-burned paving brick. Iron or iron covered work benches are recommended, and closed iron containers should be used for finely divided scrap.

Although several extinguishers have been put forward for magnesium fires, Mr. Thrune stated that so far as Dow experiments have been able to determine, the only satisfactory extinguisher for a hot fire is G-1 powder, developed especially for this kind of fire. Many of the extinguishers will accelerate the magnesium fire and may cause an explosion. Sand, asbestos and talc are satisfactory for small fires, but will not handle a hot one, because they are decomposed by the burning magnesium and form heat producing reactions.

City and plant fire departments and plant workmen should be notified of the recommendations for handling magnesium fires. Firemen and workmen should be educated by supervised demonstrations, and proper warning signs should be posted around work places where magnesium fires might occur.

Proper Machining Practices

There are certain proper machining practices. Among these are: Keep tools sharp and with an adequate clearance; take as heavy cut as practical; when fine cuts are necessary, back tool away from metal as soon as cut is finished; do not permit finely divided metal to accumulate around the machine; use a proper coolant. In this connection mineral seal oil or kerosene are recommended. Have an adequate supply of G-1 extinguisher available; keep open flames or hot sparks away from finely divided magnesium and warn welders of this hazard; collect finely divided metal from machinings and dry, plainly labeled, covered iron containers. Store containers in a plainly marked, noncombustible building with G-1 extinguisher available.

The G-1 powder can be applied with a hand scoop, using a layer of one-half to three-fourths of an inch. Speed is extremely important because the small

(CONTINUED ON LAST PAGE)

Hazy Thinking Cause of Most U. & O. Arguments, Foster Reminds Business

W. S. Foster of Oak Park, Ill., who retired a few years ago as associate manager of North America's western department at Chicago, sends THE NATIONAL UNDERWRITER some well-chosen remarks on two important use and occupancy issues described in recent weeks—taxation of proceeds and coverage of raw stock. Mr. Foster is known throughout the insurance business as an outstanding authority and pioneer of use and occupancy insurance and his famous book, "Removing the Mystery from U. & O.", remains a classic explanation of this coverage.

"This writer—an innocent bystander on the side lines—has been interested in your discussion of the use and occupancy loss recently sustained by the Williams Furniture Corporation," Mr. Foster says.

Folly of Valued Forms

"If it is correctly reported that it was a valued policy—or policies—that was involved not much more can be said than was expressed by a prominent underwriter many years ago that 'the only purpose of a valued policy is to allow some one to recover something to which he is not entitled.'

"Nevertheless, the loss appears to have brought to the surface other details and your journal has commented (Jan. 8, page 14), on the mistaken notion that a great many people have gained *** that recovery under the per diem form is not subject to income tax, even the portion representing profit of the assured."

Raw Stock Case

"And in the same issue—page 31—you cite as an example 'an assured who may know it will take him six months to replace his raw stock and buys use and occupancy insurance, paying the additional premium for six months raw stock coverage. He may, however, have on hand sufficient raw stock to continue his operations for only three months. In the event of total loss to his raw stock (with only minor damage to his buildings or machinery) he thus would have to wait six months for new raw stock and would probably expect to collect for a six months shutdown. However, if the raw stock on hand was sufficient to operate for only three months, the other limit of liability on the form would apply and the company would pay only for a three months shutdown.'

"In your issue of Jan. 15 Howard Campbell of Kansas City, an outstanding use and occupancy authority, confirms your analysis—and so will every other real authority the country over. Such questions as you have advanced in this discussion all answer themselves for the person who ignores net profit, income and other taxes and various other unavoidable expenses and views the subject from the standpoint of earnings (prospective earnings is better, to differentiate from earnings already achieved) and understands that use and occupancy insurance is designed to do just as much for the policyholder—but no more—in case of loss, than his business would have done had no loss occurred.

Applies to All Forms

"And this is true under the per diem form or any other use and occupancy form that may be chosen.

"Take the matter of income tax; look at the schedule now in your possession and you will find that credit may be taken for loss from fire 'not compensated for by insurance or otherwise.' Loss to buildings is compensated for by property insurance; loss of prospective earnings is compensated for by use and occupancy insurance in the case of prudent persons.

"Take the all-important matter of net profit; there may be no net profit but the entire earnings are needed to pay the fixed overhead, a common experience in the case of new business ventures. Nevertheless those earnings, so far as

they reach, constitute the use and occupancy value.

"Take the case of the six months replacement of raw stock; if the policyholder had six months supply on hand



W. S. FOSTER

at the moment of loss and no more could be obtained (say rubber!) the loss of earnings will continue for six months and the insurance is liable for six months without question, but with only three months supply on hand the earnings will continue for only three months if no fire occurs, while if fire does occur and destroys that raw stock that same three months' loss of earnings is the measure of the insurance obligation.

"Just so long as men will blind themselves to the true function of use and occupancy insurance just so long will such misunderstandings as you have cited arise to befuddle the insurance business. Consider it from the viewpoint of prospective earnings and it will solve one's problems nine times out of ten."

Peick Heads Minn. Adjusters

At the annual meeting of the Minnesota Fire Insurance Adjusters' Club in St. Paul G. S. Peick of Hardware Mutual of Minnesota was elected president; J. R. Jones, America Fore, vice-president, and Bill Hyer, Western Adjuster, secretary.

Donald Lucier, zone claim manager for General Exchange, gave a talk on the new problems pertaining to the adjustment of automobile losses.

Leaders at Pittsburgh Defense Rally



A highly successful Insurance Civilian Defense Rally sponsored by nine insurance organizations of Allegheny County was attended by approximately 3,000 insurance people in Pittsburgh. From left to right are Charles F. Flaherty of the Tener-Lowry Company, chairman publicity committee; Charles H. Bokman, resident manager New Amsterdam Casualty; Jay N. Jamison, executive vice-president of Reliance Life, and chairman of the program committee, and Deputy Pennsylvania Commissioner Ralph Alexander.

Rules Sims Need Not Go to Detroit for Arraignment

CHARLESTON, W. VA.—Ruling that any prosecution of Edgar B. Sims, state auditor and insurance commissioner, should be undertaken in West Virginia, Federal Judge Moore refused Saturday to order Mr. Sims' removal to Michigan for trial on indictment charges of fraud and violation of the securities act in connection with the sale of annuity contracts by Fidelity Investment Association.

John W. Babcock, chief assistant U. S. attorney for the eastern district of Michigan, who came here with a fugitive warrant for Mr. Sims, withheld comment on the next steps to be taken.

Mr. Sims was indicted with 12 other persons, Fidelity Assurance Association (successor of Fidelity Investment), and four subsidiaries in federal court at Detroit. Mr. Sims refused to go to Detroit for arraignment on the indictment.

Testifying in behalf of Mr. Sims in the two-day hearing were Governor Neely, former Governor Homer A. Holt (who as attorney general had approved Mr. Sims' method of evaluating securities), and former Governor H. Guy Kump.

In his ruling, Judge Moore said: "The procedure followed by the government in the prosecution of these cases in Detroit does not appeal to my sense of fairness."

He did not question the government's right to institute criminal proceedings at Detroit, but said that in cases of this kind prosecution should be in the district of the accused person's principal place of business.

Attorney General Meadows, who appeared for Mr. Sims, charged that the government had gone to Detroit "to smear him in his own bailiwick where the people have elected him three times as state auditor."

Ind. Outlaws Annual Premium for Term

INDIANAPOLIS — Commissioner Viehmann of Indiana has ruled against collection of three, four and five year fire premiums on a basis other than full term payments at the inception of the policy, as provided by law. Collection of term premiums in equal annual installments is barred by the ruling. Wording to the effect that a five year policy may be "renewed for four successive years by the issuance of countersigned renewal certificate" for a specified premium is out in Indiana under this ruling.

Immediately following declaration of war, a flood of questions arose regarding the status of coverage under insurance policies, W. C. Anderson, assistant manager Missouri Inspection Bureau, said in his talk before the Insured Members Conference of the Associated Industries of Missouri at Kansas City. Mr. Anderson discussed "The Impact of War on Property Insurance."

One agent called to say that he had a plant requiring three things essential to its operation, the shutting off of any one of which would hinder, if not stop, the flow of the product. These were water, gas and electricity. While the company had ordinary and contingent use and occupancy protection against interruption which might result from destruction of outside plants furnishing materials and parts, if water, gas or electricity were cut off, there was no protection.

Mr. Anderson explained that this coverage could be secured by an endorsement of the U. & O. policies at a reasonable cost. The cost under fire and extended coverages is 4 cents. For an additional 2 cents assured can get the protection against contingencies recited in the vandalism and malicious mischief endorsement.

Broadening of Vandalism

Buyers may wonder how the companies could broaden the vandalism and malicious mischief coverage at the present time with no increase in rates. Mr. Anderson explained that the broadened coverage was adopted in connection with riot and civil commotion policies shortly before the outbreak of war in the United States. The trend recognized by the adoption of the clause in connection with riot and civil commotion policies, previous to the outbreak of the war, was not reversed following war declaration. A. Bruce Bielaski, head of the arson department of the National Board, recently expressed the opinion that there would be little or no arson sabotage in the U. S. due to war. This, Mr. Bielaski said, has been the experience in Great Britain where no sabotage of that kind had occurred and in Canada where one small case may have been due to sabotage.

Need Current Appraisal

Mr. Anderson suggested that it would probably be prudent at this time for assured to get a current appraisal and adjust his values to avoid any coinsurance penalty.

Mr. Anderson strongly emphasized the need of organized fire prevention effort in industrial plants. He pointed out that the forming of a fire brigade will tend to make the men in the plant conscious of the need for fire protection. Because of everything involved in America's war effort, the need of winning the war, priorities, etc., a plant has a good deal more to lose in a fire than the actual monetary loss of property.

Push Cal. Educational Rallies

LOS ANGELES — Southern California Fire Underwriters Association and Casualty & Surety Fieldmen's Association of the Pacific Southwest sponsored another joint meeting looking toward furthering the educational program for agents and public now being conducted under the auspices of the California Insurance Institute.

John Sherman, Travelers, president of the casualty group presided at the meeting. John T. Breckon of the B. D. O., was the speaker. He said the local agents association had divided the state into three districts for the purpose of these educational meetings and that a director of the association will attend the meetings, which will continue until July.

Upon the garageman, parking lot proprietor, or other "bailee for hire" may fall the legal burden of proving that he had used "due diligence" if an automobile left in his custody is damaged or destroyed.

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NEWS OF FIELD MEN

Many Companies Holding Western Field Meetings

This is the time of the year when many of the companies hold their annual conferences with field men. A number of the western departments have held or scheduled the holding of these gatherings.

The western department of National Fire will hold its annual meetings for field men in Chicago beginning Jan. 26 and extending over a period of two weeks. A fourth of the field men will meet Monday, Tuesday, and Wednesday of the first week; another fourth will come in on Wednesday, Thursday and Friday, and this procedure will be repeated the second week. Wednesday will be the forum, or discussion day, and on each of the two Wednesdays half the field men will be on hand for general discussion, which will permit a spread of ideas.

A. R. Hanawalt, and E. H. Forkel, assistant managers, together with agency superintendents and department heads, will conduct the sessions. Jarvis W. Mason, advertising manager, will attend from Hartford with the company's 1942 advertising plans.

American of Newark

American of Newark has scheduled its annual meeting for field men in the western and Rocky Mountain departments at western department headquarters in Rockford, Ill., Feb. 16-18. John L. Reams, manager, and Charles S. Housman and R. B. Daniels, special agents in the Rocky Mountain field, will attend from Denver.

President Paul B. Sommers, Leo Kietzman, secretary, and Harold Taylor, advertising manager, will be on hand from the home office.

L. E. Falls, vice-president, will be unable to attend. He has been in the hospital for treatment of a minor ailment. F. W. Doremus, western manager, will be in charge of the Rockford meeting, which will have an attendance of about 50. Emphasis will be on sales.

Mr. Sommers and Mr. Doremus will continue on to San Francisco after the Rockford meeting, and will participate in the field meeting of the Pacific Coast department there Feb. 22. Allen Talmadge, Pacific Coast manager, will be in charge there.

Hanover Rally Feb. 10-11

The western department of Hanover will have its middle western field men in for the annual conference Feb. 10-11 at the Stevens Hotel, Chicago. Business sessions will be held on those two days, and then field men will go into conferences with officials and department heads in the western department offices.

F. A. Hubbard, president of the company, and others will attend from the home office.

W. K. Maxwell, vice-president, and John Rygel, secretary, will be in charge of the meetings.

Hartford Fire

Approximately 100 field men under the jurisdiction of the western department of Hartford Fire have been attending the annual field meetings at the Edgewater Beach Hotel in Chicago in three groups of about 35 each. The first two sessions were held Jan. 13-15, and Jan. 20-22, and the last will be held Jan. 27-29. Associate Managers C. H. Smith and Clem E. Wheeler are in charge of the meetings. They were essentially regional gatherings, such as were conducted a year ago, but last year they were taken to cities in the territory, and this year were taken to Chicago.

Those responsible for farm business attended regular sessions and then held

special meetings with L. G. Warder, associate manager for a session on farm production.

Firemen's, N. J.

Firemen's western department is calling off its general field men's gathering this year. Instead, field men are being called in to the offices in Chicago individually, and they are going over 1942 plans intensively with officials and department heads. This will be continued throughout the next several weeks.

H. A. Clark, vice-president and western manager, states that emphasis this year is being placed on harder work and economy. More business will be needed to offset increased expenses and thus hold the expense factor even with 1941. So many expenses are uncontrollable, such as taxes and commissions, that it is essential to cut down on controllable items.

Norwich Union's Annual Roundup

Middle western field men of Norwich Union were at the Edgewater Beach Hotel, Chicago, for three days last week for their annual meeting with officials. Attending from the New York head office were W. M. Frink, United States manager; R. J. MacMichael, deputy U. S. manager; K. S. Ogilvie, general agent of the western department, and C. H. Koop, inland marine manager. The sessions were conducted in round-table style, and field men considered various problems of adjusting their work to present and anticipated economic developments.

America Fore

America Fore currently is calling in its field men from various states in small groups, to the western department in Chicago, where E. A. Henne, vice-president, and other officials are going over 1942 plans with them. Representatives from only one state or two are being brought in at one time. In this way, officials of the company feel, it is easier to get down to business than it would be in a general gathering of all field men.

Gulf of Dallas

Field men of Gulf of Dallas from Pennsylvania, Ohio, Indiana and Illinois gathered in Indianapolis for a conference with Harold Sweeney, manager of the central department. R. F. Giffen, head of the inland marine department at the head office, who was recently elected assistant secretary, was on hand.

Millers National

Millers National and Illinois Fire are holding their annual field meetings in Chicago Jan. 21-22. Theme will be "A Plan of Progress for 1942."

Attending will be State Agents T. E. Allaire, Ohio; Mrs. Helen Chapman and E. A. Walther, Wisconsin; D. B. Gamble, Michigan; John T. Harding, Illinois; H. E. Holtz, Kansas and Missouri; R. R. Hufstader, Iowa and Nebraska; Wm. H. McClain, Oklahoma, and D. R. Stephens, Indiana; L. B. Menner, special representative; Fred Myers, manager southeastern department; Carl Philippi and Lawrence Dressel, Philippi & Dressel, Minneapolis; Wilson A. Pryce, Ohio special agent; Henry Tuerk, superintendent of agents, Illinois Fire, and R. W. Veesmeyer, Indiana special agent.

National Announces Important Changes

The National Fire group announces four important field changes. Roy L. Corey will move from the New York suburban field to Syracuse, L. I. Kayhart will move from New Jersey to the New York suburban field, R. J. Anderson will take Mr. Kayhart's place in New Jersey, and John G. Macdonald will go from

Syracuse to the New York brokerage and service office.

Mr. Corey joined the National in 1919 where he served, largely in the brokerage department, for more than three years. In 1923 he went into the field as a special agent in New Jersey, where he stayed for 15 years before going to the suburban New York field.

Mr. Kayhart entered the fire insurance business as a fire protection engineer for the Eastern Underwriters Inspection Bureau in New York in 1934. Three years later he joined the Schedule Rating Office of New Jersey at Newark where he spent a little over a year as an inspector in the sprinklered risk department before joining the National as a special agent in New Jersey. In the suburban New York field he will be associated with Special Agent L. C. Post.

Mr. Macdonald had both local agency and field experience over a five-year period before joining the National. With the National, he spent some time in special training on automobile and inland marine lines before going into the field in October, 1939.

A native of St. Stephens, N. B., Mr. Anderson attended Northeastern University in Boston. Prior to joining the National a little over two years ago he had several years' experience as a salesman in engineering fields. He spent more than a year in training at the home office before going to New Jersey in April, 1941. Since last October Mr. Anderson has been working with Mr. Kayhart in southern New Jersey.

III. Ind. Changes of Crum & Forster

Emerson R. Sherwood has been transferred by Crum & Forster from Omaha to Decatur, where he will assist State Agent R. H. Gregg and Special Agent D. K. Dame in the central Illinois territory. Headquarters are in the Citizens building, Decatur. Mr. Sherwood has been with Crum & Forster 10 years, having had a thorough training in the underwriting department at the western department in Freeport, Ill., prior to serving as special agent in Nebraska.

R. C. Myers has been employed as a special agent in Indiana for Crum & Forster to fill the vacancy caused by the induction into military service of J. T. Mosier. Mr. Myers is a native of Indiana and his first insurance experience was with a group of mutual companies in that state. He was stationed successively at Indianapolis, Gary and Terre Haute. For the past several years he has been a field man in Kentucky. His headquarters will be in the Fletcher Trust building, Indianapolis, and he will work under the direction of State Agent R. O. Richards. The other Crum & Forster field men in the state are R. S. Walsh and M. D. Miller.

Value of Appraisals Is Cited to Ohio Group

COLUMBUS, O.—W. Y. Armstrong of Cleveland, district manager of the American Appraisal Company, in addressing a meeting of the Ohio Stock Fire Insurance Speakers Club here Monday, declared that an independent appraisal provides the facts that make it possible readily to comply with the conditions of the fire insurance contract. Although those conditions vary somewhat between different contracts, in principle they consist of the requirement that the assured prepare a complete proof of loss statement consisting of "a complete inventory . . . stating the actual cash value of each item thereof and the amount of loss thereon and, if required, verified plans and specifications of any buildings, fixtures or machinery destroyed or damaged." Where an appraisal exists, there is eliminated the hazard and possible embarrassment of an arbitrary settlement.

Competent insurance adjusters, he said, carefully will investigate any appraisal. Properly prepared appraisals

will readily meet the requirements of their tests. It is important that the appraisals be provably correct and one which is so will be acceptable anywhere. It will have back of its stated costs and values a chain of direct evidence that is irrefutable.

At the meeting next Monday of the Speakers Association, Carl H. Roggenkamp, president of the Fire Prevention Association of Ohio, will speak on "A Tentative Proposal for Field Men in the Civilian Defense Work." The final session of the Ohio defense school of instruction closed at the Ohio State University this week. There were four three-day sessions, with a total attendance of about 1,600. The Fire Prevention Association of Ohio was largely represented.

Allen Elected President of Oregon Special Agents

PORTLAND, ORE.—At the annual meeting here of the Special Agents Association of the Pacific Northwest, Oregon division, Dudley G. Allen, London & Lancashire, was elected president; M. S. Farrell, Pacific National Fire, vice-president; L. R. Centro, St. Paul Fire & Marine, secretary-treasurer, and L. F. Conser, Fidelity & Guaranty Fire, new executive committeeman.

At the opening business session newly elected officers of the Washington division were introduced. Reports of outgoing officers were read.

Commissioner Thompson spoke on war problems, giving special emphasis to transactions with foreign nationals. He reviewed the status of the plan of operation which, under the Oregon law, may be followed by stock fire and casualty companies issuing participating policies, and explained in detail several company charter provisions authorizing such a plan of operation.

Discusses Effects of War

Charles F. Wagner, manager Oregon Rating Bureau, discussed the effects of war economy on insurance underwriting and rating. He referred to experience during and following the last war, using graphs to illustrate his points. Adverse conditions produced during a war are invariably remedied as far as possible, so that when another war occurs there is no exact comparison possible.

At the banquet Hugh Earle, former insurance commissioner, was toastmaster, and Dean Collins, "Oregon Journal," spoke on "Economy Following the War."

John E. Meek, Fireman's Fund, retiring president, reported an increase in premiums with losses up a little. He attributed most of the premium increase to defense and related work.

Illinois Field Group Holds Mid-Year Parley

Approximately 85 attended the semi-annual meeting of the Illinois Fire Underwriters Association, which was held Wednesday in Springfield. While for the most part the session was devoted to routine business, such as reports of various committees, a feature of the program was the appearance of Paul F. Jones, insurance director of Illinois.

President H. E. Johnson, Jr., state agent Aetna Fire, was in charge of the meeting.

Tire Saving Scheme in Field

Some of the field men are now following the practice of alternating each week between travel by car and by train and bus. They arrange their itineraries to include the larger places and those that are conveniently situated in relation to railroad and bus schedules for the week they leave their cars at home and then they visit the smaller and more inaccessible places during the week that they are driving. This reduces the use of the car by 50 percent and should double the life of the tires.

Some field men are following the practice of leaving their cars in the field

over the week end and going back to headquarters by train or bus if at the end of the week they are at a considerable distance from the headquarters city.

Hathorn Shifted to Louisville

Clarence Hathorn, Iowa special agent of Glens Falls, has been transferred to Louisville, covering Kentucky and Tennessee.

Richard Dunker, Iowa state agent of National American Fire of Omaha, will succeed Mr. Hathorn in Iowa for Glens Falls. Charles Martin, executive special agent of National American, will temporarily take over Mr. Dunker's duties in Iowa.

Kentucky and Tennessee previously were in charge of M. D. Garlington, recently called to the head office of Glens Falls as territorial superintendent of agents.

Georgia Course Starts Feb. 2

ATLANTA — The Georgia Field Men's Conference has completed arrangements for a public speaking course starting Feb. 2 and meeting every Monday evening. Already 26 have enrolled. Prof. Fred W. Ajax, Georgia School of Technology, who recently instructed a successful public speaking class for the Insurance Library Association of Atlanta, will be instructor. The committee in charge is headed by Davis Rives, state agent American of Newark.

John H. Ward Shifted

The Phoenix of Hartford and Connecticut group has granted C. L. Johnson of Albany, special agent in eastern New York, a leave of absence during the war as he has joined the defense production protective service as an inspector. Special Agent John H. Ward in western Pennsylvania is replacing Mr. Johnson. He will continue headquarters at 90 State street, Albany.

J. M. Parsons in U. S. Service

Jack M. Parsons of Little Rock, special agent of St. Paul F. & M., has resigned to join the war department as inspector of defense plants. He will be stationed at Houston. He studied law at the University of Arkansas and University of Denver and was with the Arkansas Fire Prevention Bureau before joining St. Paul.

Farewell Dinner for Watkins

C. W. Watkins, recently transferred from Indiana state agency of New York Underwriters to executive special agent in Chicago, will be given a farewell dinner, Feb. 2 by the Indiana Blue Goose. Mr. Watkins is a past most loyal gander of the Indiana pond and has taken a prominent part in its activities. Following the dinner there will be an initiation.

Town Inspections Scheduled

The Wisconsin State Fire Prevention Association will make an inspection of Wausau, Jan. 27-28. Harry K. Rogers, Western Actuarial Bureau, will be the banquet speaker.

There will be an inspection of Pryor, Okla., Jan. 29, and of Missouri Valley, Ia., Jan. 28.

Missouri F. U. A. Meets Feb. 4

The Missouri Fire Underwriters Association will meet in Jefferson City Feb. 4, with a session of the executive committee the previous evening. Earl L. Crellin, America Fore, St. Louis, is president.

Pinkerton with Employers Fire

OKLAHOMA CITY — Harlin S. Pinkerton has been appointed special agent here for Employers Fire to assist Thomas Hart, state agent.

Georgia Pond Initiates Jan. 26

The Georgia Blue Goose will have a dinner, business meeting and initiation Jan. 26. Seven candidates will be initiated. B. S. Dunlap, Georgia Inspection & Rating Bureau, has joined the army

and will have to be initiated by proxy. He will pay no dues while he is in the service.

NEWS BRIEFS

Eugene G. Dunn, heretofore special agent, has now been designated as state agent for Maine and New Hampshire by Hanover Fire and Fulton Fire. Headquarters are in Manchester, N. H.

H. H. Crawford, former army officer and chairman of the national defense section of the Commonwealth Club of California, stressed the need for coordinated activity between civilians and municipal police, fire and health departments in times of emergency, in a talk to the San Francisco Blue Goose. H. S. Coburn, assistant manager of Home, was chairman.

The Blue Goose auxiliary of the Sunflower (Wichita) Puddle held its monthly luncheon-bridge Jan. 14 with Mrs. George E. Freese as chairman of hostesses, assisted by Mrs. Nick Kleber and Mrs. Ewing B. Fergus.

The Ohio Association of Fire Underwriters will hold its next meeting in Cleveland Feb. 3.

Eight goslings will be initiated at the semi-annual meeting of Seattle Blue Goose on Jan. 23. Following the business session, there will be a social hour

H. A. Miller Resigns Post in Illinois Department

Harold A. Miller, who has been connected with the Illinois insurance department since 1937, as special deputy, has resigned effective March 1. Mr. Miller has a very thorough and precise knowledge of many phases of the business, particularly automobile insurance and a good deal of his work at the department has been in relation to automobile insurance. Prior to joining the department he was assistant western manager of the North America and prior to that had been head of the automobile department of the North America. He has an extensive acquaintance in the business and it is expected that he will make a new connection within the insurance business.

with ganders whose birthdays fall in January serving as hosts for refreshments. A banquet and entertainment will wind up the program. A. J. Taggard, General, is in charge of arrangements.

The Des Moines Ladies of the Blue Goose held their January meeting Tuesday with Mrs. H. B. Chrissinger, Jr., as program chairman.

Ask Approval of Charters of Two Hartford Insurers

Although organization on the part of Connecticut General Life of a casualty company and a fire company is not immediately contemplated, stockholders of the life company at the annual meeting Feb. 3 will be asked to accept the charters for Connecticut General Casualty and Connecticut General Fire. Those charters were granted by the last session of the Connecticut legislature.

Issues "American Underwriter"

A new insurance paper, "American Underwriter," 208 Independence building, 424 Walnut street, Philadelphia, has made its appearance with John Edward Dearden as publisher and editor. Mr. Dearden was formerly an official of the "United States Review" of that city. The new paper makes a very creditable appearance.

Guardian Life has appointed Hollis, Perrin & Kirkpatrick of Boston as special agents, in association with Harry Ross, Jr., estate manager. Hollis, Perrin & Kirkpatrick have been in business in Boston for 25 years but have never before represented a life company.

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Litigation Over Trade Guarantee Cover Reveals Problems Involved

In view of the fact that in recent years there has been quite a sale of a form of insurance that stands back of various trade guarantees, particular interest is taken in the action that was brought by Pennsylvania Lumbermen's Mutual Fire in common pleas court at Philadelphia against LaFrance Industries, Inc., to recover additional premium from the assured under an insurance contract of this type.

A good many have felt that insurance of this nature was largely an advertising device for the guarantor. For instance, the Fitch Hair Tonic people of Des Moines have such a contract with London Lloyds and in their radio broadcast they always say that their guarantee is backed up by the largest insurance organization in the world, but the Pennsylvania Lumbermen's contract with LaFrance Industries proved to be a good deal more than a mere advertising aid, from the standpoint of the insurer, because it paid out a total of \$54,978 to claimants and in expenses and investigation and adjustment of cases. The premiums that were collected amounted to only \$19,884.

The premium was based on the amount of mohair produced by LaFrance Industries and Pennsylvania Lumbermen's claims that the production was at least 4,000,000 yards whereas premium was paid only on the total yardage of 1,364,188 yards. The insurer also claims that it was defrauded by certain other practices of LaFrance Industries.

Purpose of the Policy

The primary purpose of the insurance policy was to insure certain mohair fabrics against moth damage after the fabrics had been manufactured and sold by LaFrance Industries and used to cover furniture. The policy was in effect from Aug. 13, 1934, to April 21, 1937. Evidence of the guarantee of LaFrance Industries was furnished in the form of guarantee certificates running to the furniture manufacturer, dealer and consumer. The policy covered only such mohair as had been treated with a moth-proof compound known as "Larvex" but the premiums were to be computed on the entire production of mohair by LaFrance Industries.

According to the bill, last October Pennsylvania Lumbermen's for the first time received information that the yardage reported by the insured and the premiums paid had been grossly inadequate.

Claims Some Not Treated

During the entire period that the policy was in force, according to the bill, LaFrance Industries repeatedly advertised that its mohair was treated by "Larvex." Prior to Feb. 21, 1936, according to the bill, Pennsylvania Lumbermen's discovered that certain mohair was being sold by LaFrance without having been so processed and LaFrance Industries thereupon gave a statement to Pennsylvania Lumbermen's assuring the latter that all mohair was being processed with "Larvex."

Notwithstanding such assurance, according to the bill, claims continued to be presented against Pennsylvania Lumbermen's in which the sample of mohair taken from the consumer's furniture showed no evidence of having been treated. Pennsylvania Lumbermen's assumed that LaFrance had failed to treat the mohair by error or oversight and it was not until Oct. 17, 1941, that, according to the bill, the insurer became aware that LaFrance allegedly had deliberately failed to treat some of the mohair produced by it. The bill alleges that LaFrance thus violated its representations to Pennsylvania Lumbermen's and to the public and fraudulently caused loss to Pennsylvania Lumbermen's.

Claims were made against LaFrance, samples of the mohair were analyzed and when there was no evidence of actual moth damage as distinguished from wear

and tear, burns, etc., Pennsylvania Lumbermen's rejected the claims.

When the samples did show evidence of moth damage, they were analyzed to determine whether they had been processed with "Larvex." When they disclosed no evidence of processing, the claims were paid by LaFrance and this course of dealing existed up to Oct. 17, 1941. LaFrance thereby assumed the obligation to the ultimate owners of such mohair as did not show evidence of "Larvex" processing.

In ascertaining whether the material upon which the claim was based had been treated with "Larvex," Pennsylvania Lumbermen's sent samples to LaFrance which in turn forwarded them to the Larvex division of the Zonite Products Corporation for analysis, the bill states. Pennsylvania Lumbermen's alleges that LaFrance undertook to conceal its failure to have processed a large part of its mohair by causing some of the samples which had already been damaged by moths to be dipped in "Larvex" with the result that the Zonite Products Corporation reported that there was evidence of "Larvex" processing. According to the bill, Pennsylvania Lumbermen's in reliance upon those reports paid a number of claims which it would not otherwise have been liable to pay and it also incurred expense for investigation and adjustment of claims.

LaFrance Made Own Test

After October, 1938, Zonite Products ceased examining the samples and LaFrance made the test directly. Pennsylvania Lumbermen's alleges that LaFrance deliberately and fraudulently reported to Pennsylvania Lumbermen's that a large number of such samples showed evidence of processing despite the fact that LaFrance's own chemist had reported to the corporation that the samples had not been treated.

Pennsylvania Lumbermen's also alleges that guarantee certificates were furnished to some claimants by LaFrance after claims had been made. According to the bill, LaFrance contended there was nothing wrong with such practice, since the policy insured all mohair produced by LaFrance regardless of whether guarantee certificates had been properly issued. Pennsylvania Lumbermen's accepted that interpretation of the policy but requested LaFrance thereafter to refrain from such practice.

In addition to the claims that had been paid in cases that had been investigated there are a large number of other claims pending against Pennsylvania Lumbermen's, the bill states. In some of these cases proofs of loss have been accepted by Pennsylvania Lumbermen's from the claimants in ignorance of the true facts. Pennsylvania Lumbermen's asked for relief of specified nature.

Pennsylvania Lumbermen's Mutual Fire is being represented by the law firm of Swartz, Campbell & Henry of Philadelphia.

Yenter Makes New Move in Ia.

DES MOINES — Appointment of Ray Yenter, former Iowa insurance commissioner, as campaign manager for Earl G. Miller, secretary of state, who is seeking the Republican nomination for governor, was viewed with interest by Iowa insurance men. Miller is the only Republican candidate to announce for the office so far, but Lieut. Gov. B. B. Hickenlooper of Cedar Rapids is expected to get into the race this week. The campaign for governor is of interest to insurance men because the six-year term of the present commissioner, Charles R. Fischer, expires in 1943 and the incoming governor will make the new appointment. There was some speculation that the appointment of Yenter as campaign manager for Miller might make possible a second term for Yenter if his candidate is successful.



ORGANIZED SELLING makes more Sales!

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Pretty soon, at the strategic time, Organized Selling will point out to the P. F. & M. agent another target—and supply him with fresh ammunition. And so on, throughout the year. Write us for additional information.



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Complete Nation-wide Insurance Facilities for Agents and Brokers

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NEWS OF THE COMPANIES

St. Paul Premiums Up Nearly 20 Percent

An increase of nearly 20 percent in net premiums written was recorded by St. Paul F. & M. during 1941 as compared with the record in 1940. The 1941 premiums were \$16,007,011, an increase of \$2,548,580. Assets now stand at \$51,862,175, which is an increase of \$3,791,555 for the year. Capital remains at \$10,000,000, special reserve fund is \$1,000,000 and net surplus \$24,198,827. The increase in policyholders' surplus is \$2,135,566. Premium reserve is \$11,136,800, an increase of \$1,125,883 for the year. Net underwriting profit was \$770,598.

The affiliated Mercury had an increase in premiums of better than 20 percent. Its net premiums last year were \$2,740,911, increase \$513,549. Assets are \$7,491,148, increase \$627,673. Capital-superplus is \$4,271,514, increase \$118,216. Net underwriting profit is \$5,860.

Camden Fire to Protect Directors and Officers

Stockholders of Camden Fire at their annual meeting Feb. 5 will vote on a proposed amendment to the by-laws whereunder the company would indemnify directors and officers for costs and expenses in connection with suits that may be brought against them arising from their official connection with Camden Fire. There is the exception customarily found in such provisions that there would be no indemnification if the officer or director were finally adjudged to have been guilty of malfeasance. A large number of corporations during the past year or so have been amending their by-laws in this fashion. There is thus suggested the opportunity to issue some sort of a contract to reinsure the corporation on account of the risk that it has assumed by adopting such a by-law. However, no such market has as yet been provided.

Paramount Fire Pays Dividend of \$10 Per Share

NEW YORK—A. J. Smith, president of the local agency of Zweig, Smith & Co., and E. C. Wightman, research assistant to President L. W. Douglas of Mutual Life, have been elected directors of Paramount Fire. Those reelected are: J. W. Collins, Salt Lake City; W. E. Harrington, Atlanta; O. M. Murray, Dallas; E. E. Murray, Nashville; Wilfred Kurth, New York; B. T. Shutz, Kansas City, and Ray A. Thorne, New York. Directors in turn re-elected all former officers for the new year.

The prosperity of the company has been such that the directors felt warranted in declaring a dividend of 10 percent, or \$10 per share on the common stock to be paid stockholders of record Jan. 16.

Problem of Pilot Reinsurance

NEW YORK—No word has yet been received from Washington as to the attitude of the government toward Pilot Reinsurance of this city, which problem has been under consideration for several months. Some time ago a sizable block of Pilot stock was sold to Swiss interests, but seemingly the federal authorities were not fully satisfied as to the bona fides of the transaction.

The Pilot management then proposed that the corporation be taken over for rehabilitation by the department. Under such program its affairs would be handled by Superintendent Pink, until purchasers acceptable to the department and to the government make an adequate offer. Formed in 1925, Pilot Reinsurance has \$1,200,000

capital and at the close of 1940 reported total assets of \$3,869,075. Carl Schreiner, its president, was formerly United States manager of Munich Reinsurance of Germany, whose activities here ceased when this country entered world war I. Mr. Schreiner, who is 88 years of age, is now in Germany. He has undergone operations on both eyes. A. F. Sadler, vice-president and secretary, is in charge here.

Southeastern Doubles Capital

Capital of Southeastern Fire of Greenville, S. C., has been increased from \$100,000 to \$200,000. During 1941 additional surplus of \$50,000 was contributed. Southeastern was organized in 1940 by interests identified with the Auto Finance Company of Charlotte, N. C. It operates in North and South Carolina and writes finance business exclusively, retaining 10 percent for its own account.

Following a long standing custom, Lafayette Fire of New Orleans held "open house" Jan. 14, serving a buffet luncheon to more than 500 friends. The occasion was its 72d annual meeting.

The past year it showed the remarkably low loss ratio of 22 percent.

Assistant Regional Heads of Illinois Agents Named

Eugene F. Engelhard, executive vice-president Illinois Association of Insurance Agents, announced assistant vice-presidents appointed for the entire state by the eight regional vice-presidents. These assistants are:

Region 1, John V. McCabe, McCabe & Hengle, Chicago; 2, John M. French, Ottawa; 3, Carl L. Walker, East Moline; 4, Wolford Shane, Danville; 5, L. L. Hauser, Peoria; 6, V. G. Musselman, Quincy; 7, Joseph L. Connors, Wood River; 8, Louis Tuthill, Anna.

They will assist the regional vice-presidents in formulating the expansion program undertaken by the state body at its annual meeting held in Peoria. A large part of this expansion program will be along the lines of developing new members and local boards throughout the state.

Howard Swift, Pacific Board, spoke to the Junior Chamber of Commerce of Burbank, Cal., on the defense activities of the National Board, Pacific Board and Underwriters Laboratories.

Spring Meetings of Hail Adjusters Are Scheduled

The schedule of meetings of company hail men with adjusters has been set up by the Western Hail & Adjustment Association and by the Pacific Coast Hail Conference.

Those scheduled by Western Hail & Adjustment Association are: Wichita, Kan., March 5-6, for Oklahoma and Kansas hail adjusters; Omaha, March 12-13, covering Nebraska, Iowa, Missouri; Minneapolis, March 30-April 1, for Minnesota, North Dakota and South Dakota, and Chicago, April 23-24, for the Chicago states.

The Pacific Coast Hail Conference will hold its adjusters' meeting at Great Falls, Mont., March 27-28, for adjusters from Montana, Washington, Oregon, Idaho and Utah.

Quaker City to Enter Coast

Quaker City Fire & Marine which was recently placed under the management of Ronald R. Martin for fire, inland marine and automobile business, will apply for entry into the Pacific Coast states. Mr. Martin is U. S. manager of Atlas and president of Albany.



TAKE A GOOD LOOK

We have a plan for Agents—a straight-forward selling plan—called The Employers' Group Analysis Plan. It gets right to the meat of a man's insurance problems. Shows him what coverages he has—and what coverages he needs—all in a simple, attractive and effective presentation.

Take a good look at the results this plan is getting for Employers' Agents. Our monthly magazine "The Pioneer" gives tips on how it works. For a free copy of the current issue write to The Employers' Group Publicity Dept., 110 Milk St., Boston.

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Recall Insurance Problems That Arose in the War Year of 1917

Readers may be interested in the results of a search that is being made through the editions of THE NATIONAL UNDERWRITER of 1917 for references to insurance aspects of the war situation.

War on Germany was not declared until April 6, 1917, in the first world war. First mention of war problems in THE NATIONAL UNDERWRITER was on Feb. 8, 1917. A New York dispatch stated that in view of the strained relations with Germany the New York insurance department was examining the status of German insurance companies operating in this country. The dispatch said:

"Although the investigation has not proceeded far, it has resulted in raising a number of investigations involving the rights of belligerent nationals under old treaties, and it is the general opinion of those familiar with the treaties and international law that unless such a war lasted a long time there would be but little interference with the ordinary course of the business conducted by the Germany companies."

Actually, of course, an alien property custodian was appointed to prevent German money or property in this country being used against the United States. In the peace the German owners lost the property, which was credited on reparations.

Status of German Companies

The only mention of the war in THE NATIONAL UNDERWRITER of February 15, 1917, was a statement by Superintendent of Insurance Jesse S. Phillips of New York, on the status of the four German fire companies. Curiously enough, as it seems now, the statement seemed to contemplate the continuation in business here of the German companies if the strained situation resulted in war. The statement showed the difference between funds held by the insurance department or by United States trustees, and funds held subject to the control of the United States management of the companies. It also recalled that in August, 1914, the attention of foreign companies had been called to the requirement that no funds could be withdrawn from branches in this country without the consent of the insurance department.

Bombardment Insurance was the main war subject touched upon in THE NATIONAL UNDERWRITER of April 12, 1917, a few days after the declaration of war. "The writing of bombardment insurance by the fire companies here merely awaits the affixing of the governor's signature to the Towner-Coffey bill now being rushed through the New York legislature," said a New York dispatch. It was stated that Massachusetts and Connecticut already had such laws and New Jersey had sufficient legal authority to admit of a close approximation. A committee of the Explosion Conference had been appointed to draft a form of policy and a schedule of rates.

Accident Men Were Confused

Accident men were said to be in confusion on war riders. Surety men were examining cautiously contracts that might be affected by war.

Bombardment insurance was still the principal war subject in THE NATIONAL UNDERWRITER of April 19, 1917, two weeks after the declaration of war. A dispatch in black faced type headed the first article in the paper:

"The report of the German submarine off the coast of Atlantic City firing on the United States destroyed 'Smith' and the caution sent out by the Navy Department, has increased the demand for bombardment insurance greatly. The people realize that enemy operations are close at hand."

A bombardment clause prepared by a special committee was given in full. Another article related that explosion insurance was in great demand. Rules of the New York insurance department

governing the operations of German companies in this country were printed. Later, of course, the Alien Property Custodian act terminated the operations of the German companies. There was an editorial on enlistment of employees. This was before the draft plan was adopted.

Announcement that a new law had been passed in New York empowering fire companies to write policies indemnifying against all hazards appeared in THE NATIONAL UNDERWRITER of April 26, 1917, the third issue after the declaration of war. A speechmaker predicted that American companies would invade Central and South America after the war. An editorial discussed the war work of the Underwriters Laboratories, and another one answered a subscriber on what is meant by a full war risk coverage. The answer was: "Bombardment, explosion of any description occurring on or off the premises, invasion, insurrection or riot, commotion, usurped power, military power hostile to the government of the United States."

"There will be no interference by the United States government with the American business of German insurance companies," said a Washington dispatch to THE NATIONAL UNDERWRITER of April 5, 1917. This was the day before the declaration of war. The government announcement was made in response to the query of seven insurance commissioners who called on Counsellor Frank Polk at the State Department.

Boston Agents-Brokers Elect

BOSTON—The Associated Insurance Agents & Brokers at its annual meeting in Boston elected these officers: President, H. R. Preston, Springfield; vice-president, A. D. Cronin, Boston; treasurer, A. N. Miner, Boston; secretary, L. H. Hofmann, Boston; directors for three years, H. A. Kneeland, F. C. Church, Jr., H. E. Moore, all of Boston; G. E. Kay, Fall River; executive committee, Messrs. Kneeland, chairman; Church and Kay, and G. A. Proctor. Mr. Gay succeeds the late E. J. Cole of Fall River.

New York Board Decisions

NEW YORK—Two meetings were held by the New York Board Wednesday. At the earlier one it was agreed \$1,200,000 would be the maximum

Hartford Stresses Fire and Accident Prevention

Who is the partner of Sabotage?



The tremendous importance of accident and fire prevention is being stressed by Hartford Fire and Hartford Accident in a page advertisement in "Collier's," "Time," "Life," "Business Week" and other publications in January. Ten ways to prevent losses caused by carelessness are enumerated.

amount to be assessed for support of the local fire patrol service for next two fiscal years providing the sum does not exceed 2 percent of the aggregate premiums.

At the second meeting the resignation of J. W. Nichols from the fire patrol committee was accepted, and J. A. Forrester, vice-president of Home, was elected his successor.

According to the report of Secretary E. C. Niver assigned losses in New York Board territory for 1941 aggregated \$5,042,423, an increase of 39.52 percent.

The Sioux Falls Association of Insurance Women held their monthly meeting with 30 members attending and seven guests. George Barnett of Knowles, Dwight & Barnett was the guest speaker on "The Fire Insurance Policy."

Defense Bond Deduction Formulas

Marine Office of America has made an interesting mathematical calculation pertaining to the purchase of defense bonds which it has placed in the hands of its employees. A table was prepared showing in the first place the amount of deduction that is required periodically to buy a bond each year, each six months, each three months and each month. Of course the deductions come

out in odd amounts. Then there is a table showing just how long it takes to buy a bond where deductions of various even amounts are made. This is a very useful tabulation and is presented herein with the belief that it will be interesting to those in the many insurance offices in the country in which employee purchase plans are in effect.

The tabulations are presented below:

To Purchase Defense Bonds at Regular Intervals

Frequency of Salary Deduction	Maturity Value of U.S. Bond	Purchase Price of U.S. Bond	Deduction to Buy One Bond Each Yr. to Buy One Bond Each 6 Months to Buy One Bond Each 3 Months to Buy One Bond Each Month						
			to Buy One Bond Each Yr.	6 Months	3 Months	Month	to Buy One Bond Each Yr.	6 Months	3 Months
Every pay day	\$ 25.00	\$18.75	\$ 0.78	\$ 1.56	\$ 3.13	\$ 9.38			
Each month, 24	50.00	37.50	1.56	3.13	6.25	18.75			
Times a year	100.00	75.00	3.13	6.25	12.50	37.50			
Once each month	25.00	18.75	1.56	3.13	6.25	18.75			
For 12 times	50.00	37.50	3.13	6.25	12.50	37.50			
Each Year	100.00	75.00	6.25	12.50	25.00	75.00			

To Purchase Defense Bonds with Deductions in "Round Numbers"

Intervals at Which Bonds Will Become Paid for Are Shown Below As Months and Fractions of Months

Amt. Salary Deduction Authorized	With Deduction Every Pay Day \$25 Bond	With Deduction Every Pay Day \$50 Bond	With Deduction Once a Month \$25 Bond \$50 Bond \$100 Bond				
			12 1/2	25	50	12 1/2	25
\$ 0.75	9 3/8	18 3/4	37 1/2	18 3/4	37 1/2	75	Month
1.00	6 1/4	12 1/2	25	12 1/2	25	50	Month
1.50	4 1/2	9 3/2	18 3/4	9 3/2	18 3/4	37 1/2	Month
2.00	3 3/4	7 1/2	15	7 1/2	15	30	Month
2.50	3 1/2	6 1/2	12 1/2	6 1/2	12 1/2	25	Month
3.00	3 1/2	6 1/2	12 1/2	6 1/2	12 1/2	25	Month
4.00	2 1/2	4 1/2	9 3/2	4 1/2	9 3/2	18 3/4	Month
5.00	2 1/2	3 3/4	7 1/2	3 3/4	7 1/2	15	Month
7.50	1 1/4	2 1/2	5	2 1/2	5	10	Month
10.00	1 1/2	1 7/8	3 3/4	1 7/8	3 3/4	7 1/2	Month

North America to Pursue Own Course in Canada

North America has withdrawn from the Canadian Inland Underwriters Association, effective Jan. 17, and from the Dominion Board effective Feb. 18 and will definitely establish operations in Canada beyond control of present regulatory bodies, according to H. C. Mills, general manager of the North America companies in Canada. He said that there was nothing to be negotiated and that the position taken by the company was one of protest over a situation that has been permitted to develop throughout eastern Canada, though he did not go into details as to what the situation was.

As to future plans in Canada Mr. Mills said that the company was considering the possibility of issuing continuous forms of inland marine policies with still further rate reductions and possibly including a bonus for absence of claims. Excess of loss and deductible policies, with substantial rate revisions according to classes are among the possibilities being considered in the fire field, he said.

Denies Biddle Passed on Proposed War Damage Plan

The Justice Department has denied that either the department or Attorney-general Biddle has given any opinion, informal or otherwise, on the legality of suggestions that the RFC's land war risk insurance plan be financed by mandatory premiums to be levied against real property owners throughout the United States. The opinion ascribed to Biddle was that this would constitute a direct tax and hence would violate the provision in Article I of the constitution which states that "no capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken."

The RFC also denied receiving any opinion from the Attorney-general. The Justice Department and the RFC asked that the story be retracted because of the flood of inquiries since its publication. The item appeared in a number of publications, including THE NATIONAL UNDERWRITER of Jan. 15.

Philadelphia Officers Reelected

J. W. Donahue, resident vice-president of Maryland Casualty, was elected president of the Insurance Society of Philadelphia for his fourth term. Elmer Van Dusen, secretary of State of Pennsylvania, was reelected vice-president and P. M. Fell, manager Philadelphia suburban department Middle Department Rating Association, was elected vice-president to succeed J. F. Mitchell, Jr. William Thorpe of Knowlton, Thorpe & Company was elected secretary, and J. A. McGann, Jr., continues as treasurer. Those elected to the executive committee were E. R. Coe, W. A. Edgar, W. W. Helm, Jr., W. J. Horner, W. H. Howland, E. E. Lindner, N. B. Meade, W. S. Peelham, G. T. Rowland, C. S. Stover, and J. R. Knowlan.

Kentucky Department Reports

FRANKFORT, KY.—In the annual report of the insurance department, Director Goodpastor announced he will recommend to the legislature passage of a law that any foreign mutual casualty company must show a surplus of \$300,000 instead of the previous \$50,000 requirement. State companies seeking to start operating must continue to show a \$50,000 surplus.

Insurance department receipts for the fiscal year ending June 30, 1941, were \$1,539,553, an increase of \$76,620.

North America's New "Ad" Series

Inaugurating its 150th year, the North America is instituting a new national advertising campaign through Gear Marston, Inc., of Philadelphia.

Based upon a theme reflecting the progress of the company as an inherent part of the progress of America itself, a series of advertisements has been projected for appearance in national magazines.

Founded in 1792, during Washington's first term, the North America has advanced step by step with the country. The series will show that without insurance the development of industrial America would have been impossible; shipping and commerce would have been stifled, and there would have been no safety to encourage the investing of much needed capital.

These steps will be vividly illustrated by the paintings of Lyle Justis, a foremost artist in the field of historical depiction.

Copy will emphasize the fact that the North America has always stood for progress, and even today is pioneering, looking to the future, and making ready now for it.

The series will appear in page reproductions in the "Saturday Evening Post," "Life," "Time," "Newsweek" and the "United States News." The "Saturday Evening Post" advertisements will appear in four colors. With each advertisement there will be displayed the slogan: "No force can stop the progress of our country."

Automobile Wins Verdict in Fraudulent Fire Case

After 2½ weeks' trial in the supreme court of Rensselaer county, New York, a jury rendered a verdict of no cause of action in favor of Automobile in a suit brought by Helene Lockwood of Averill Park, N. Y., to recover \$8,000 damage to furniture in a fire that occurred in a hotel leased by her. The fire started near the ceiling level of the kitchen, away from the stove and below an unoccupied room.

The insured was on a trip to Cuba when the fire occurred and had left the hotel in the charge of her mother-in-law and her husband. She returned about a week following the fire.

Proof of loss was filed by the insured, her husband and her mother-in-law. It was found that the latter two ordered removal of furniture shortly before and immediately after the fire.

It was found that articles not belonging to the insured were included in the claim, furniture was included in the proof of loss that was removed both before and after the fire, and furniture which was claimed to be new was in reality second-hand. A complicated series of chattel mortgages involved part of the property for which claim was filed.

The plaintiff's husband had borrowed the life savings of a deaf mute on representing that he owned the hotel. The plaintiff claimed to have made large purchases of good furniture in New York and also in Albany, which were disproved by the investigation.

The plaintiff's attorney, Morris Simon of Troy, N. Y., sought to influence the jury by telling them that unless there was a verdict for the plaintiff, the creditors, including the deaf mute, could not be paid.

The investigation was conducted by D. A. Van Kleeck of the Fire Companies Adjustment Bureau and the Bureau of Criminal Investigation. Nelson R. Pirnie of Ainsworth & Sullivan, Albany, conducted the defense for Automobile.

What are you doing to keep in contact with your small bread and butter policyholders? The Insurance Buyers' Digest will do the job for you. Write The National Underwriter for sample copy.

Investment Trust People Prefer Their Own Shares to Insurance Equities

Incorporated Investors, which is an investment trust, has put out a statement on the relative attractiveness to investors of fire insurance company shares and investment trust shares. The argument, naturally, favors the latter. Some of the points are interesting.

"Profits of fire insurance companies are primarily dependent on the results achieved from the management of their investment portfolios," the statement asserts. "Net investment income in recent years has averaged more than twice underwriting profits, and dividend payments on fire insurance common stocks are closely related to and do not usually exceed the income from this source. This is illustrated in the following table, showing the average underwriting profit, net investment income and dividend disbursements of 10 typical fire insurance companies in the 12-year period of 1929 through 1940:

Average Ten Typical Fire Insurance Companies

Year	Net Underw. Profit	Net Income	Div. Paid
1929	\$2.05	\$2.97	\$2.23
1930	.27	.97	.33
1931	.26	.93	.39
1932	.44	2.47	1.93
1933	1.50	2.20	1.84
1934	1.98	2.22	1.94
1935	2.22	2.27	2.13
1936	1.23	2.49	2.07
1937	1.58	2.57	2.16
1938	.98	2.30	2.10
1939	.85	2.48	2.11
1940	1.13	2.57	2.24
12-year average...	\$1.09	\$2.54	\$2.12

"Over this 12-year period net income from investments averaged 70 percent of total income so that on the basis of these figures we should regard the investment part of fire insurance companies' activities as 2½ times as important as the underwriting part.

"But in reality even this greatly understates the relative importance of investment activities. The capital value of the security investments naturally varies a great deal from one period to another and in the long run changes in the capital value are certain to be of considerably greater importance than the income from the securities. So that in appraising the proportion of importance of investment and underwriting operations investment must be rated as more than double the 2½ to 1 ratio that we would arrive at on the basis of income alone. It is obvious from this that the value of a fire insurance company stock is largely a matter of its investment operations and that the underwriting part of the business is a minor item so far as financial results are concerned.

"In examining the position and relative records of fire insurance companies, therefore, we must look at them primarily as investment trusts. Naturally, the question arises as to how the investment results obtained by fire insurance companies compare with those obtained by investment trusts.

"A comparison of the investment management results of 10 typical fire insurance companies with that of 10 typical investment trusts and with Standard and Poor's Index of 90 Stocks is given in the following table:

Year	Index of Changes in Liquidating Value		
	Ten Fire Ins. Cos.	Ten Typical Trusts	Poor's Standard and Poor's Index of 90 Stocks
1931	100.0	100.0	100.0
1932	96.0	90.6	84.8
1933	98.1	120.3	124.3
1934	105.8	126.2	116.9
1935	119.7	168.7	165.4
1936	134.9	220.2	211.5
1937	115.1	136.5	129.8
1938	121.1	164.8	162.6
1939	123.1	155.2	153.8
1940	121.5	134.2	130.2

"In the periods of declining prices fire insurance company assets have held up somewhat better than those of the investment trusts because a large proportion of fire insurance company assets has been invested in bonds. But the trusts

have done much better in all periods of rising prices and have retained enough of what they have gained to give them a net advantage over the period as a whole.

"On the basis of this record it would appear that it would be better to select one of the better investment trusts than a fire insurance company.

"In addition to this consideration there are certain other factors which in our opinion detract from the relative desirability of insurance stocks.

Investment Objective

"The manager of fire insurance funds has a different investment objective than the average individual investor because of the fact that the obligations of insurance companies, for the most part, are in fixed dollar amounts. Consequently, the risk of a rising price level is not of the same importance in determining the investment policy as it is for the individual who is primarily interested in protecting the purchasing power of his fund. Moreover, the requirements of liquidity and income do not permit a very flexible policy in handling funds and the relative proportion of bonds and stocks in the portfolio does not vary much from year to year. At the end of 1940 the combined portfolios of 20 leading fire insurance companies were invested approximately as follows:

"Cash, 11.1 percent; U. S. government bonds, 15.8; other bonds, 14; mortgages, 3.9; stocks, 55.2.

"This factor could be of considerable significance in the event of a real inflationary development. Based on the above distribution, the inflationary protection afforded by the portion of the fund in common stocks would be at least partially offset by the probable decline in value and purchasing power of the remainder of the portfolio. Furthermore, the common stock holdings of the average insurance company include a sizable amount of stocks of other insurance companies so that the actual equity in common stocks is less than that shown in the above table. In the case of the 20 companies mentioned above insurance stocks represented about 20 percent of total common stock holdings.

"Annual fire losses in the past have varied considerably from year to year. Fire losses declined sharply in 1933 and have been at a comparatively low level since that date. As a result, underwriting profits showed a large increase in 1933 and continued at high levels for the next two years. These unusual profits in turn brought increased competition from mutual companies, and from small companies underwriting only preferred risks. Also, pressure was brought by state insurance commissions and other quarters for lower premium rates and a broader coverage by insurance policies. With fire losses continuing at comparatively low levels through 1939, underwriting profits continued at nearly normal levels despite further reductions in rates. An increase in losses in 1940, however, reduced the ratio of underwriting profit to premiums earned to the lowest level since 1932 although a large increase in premiums written resulted in some increase in total underwriting profit.

"On the basis of present low premium rates and broad policy coverage, a material increase in fire losses could readily turn present underwriting profits into substantial losses.

"In summary, the outlook for fire insurance stocks appears relatively unfavorable because:

"1. Fire insurance companies are primarily dependent on the results achieved from the management of their investment portfolios and their record in this respect appears not as good as that of typical investment trusts.

"2. There is risk of an unfavorable underwriting experience if annual fire losses should increase from the abnor-

Court of Appeals Draws Thin Line in Reinsurance Issue

Casualty reinsurance people were much interested in the recent decision of the court of appeals of New York in a test case involving the question of offsets under reinsurance dealings in the event of insolvency of a company. The case was brought by Superintendent Pink of New York, as liquidator of Consolidated Indemnity, against Hartford Accident.

Hartford Accident and Consolidated Indemnity apparently had been reinsuring one another's bond business on a reciprocal basis. In connection with one bond loss, where Hartford was the originating company and Consolidated was the reinsurer, the loss was paid and Consolidated had contributed its share. Subsequently, after Consolidated blew up, Hartford recovered some salvage from this loss.

Instead of turning the Consolidated's proportion of the salvage money over to the liquidator, Hartford undertook to offset that amount against amounts that Consolidated owed to Hartford, where Consolidated had been the reinsurer but had not made good and Hartford was stuck for the entire amount.

The court of appeals held in favor of the liquidator on the grounds that the claims are not mutual debts under the New York law. One of the claims, according to the court of appeals, asserts the right of a cestui que trust against the trustee, while the other asserts the contractual obligation of a debtor to a creditor.

As to the significance of this decision, a reinsurance executive expresses the opinion that the court of appeals has drawn a rather thin line. "It seems to be best covered by the much used expression 'a distinction without a difference,'" he states.

"While it is not a favorable decision from a reinsurer's standpoint, I don't think that it will have much effect in the future because it applies only where one of the companies is insolvent. It is the outgrowth of the epidemic of failures which we had some years ago and I have enough faith in the business and respect for the type of supervision which the companies are receiving from the various insurance departments to feel that we won't have a repetition of such failures in the future. Its chief value is in the effect which it will have in the final adjustments of the liquidations which are already in progress. Incidentally the greater portion of these liquidations have been completed so that this decision should apply to a comparatively small number of cases."

Use of "Elevator" Clause Is Reported on Increase

Increased use of a so-called "elevator clause" in fire policies covering interstate risks is reported by those who keep in touch with competitive developments in the field. Under the "elevator" clause the premium rate varies from year to year with the loss experience of the risk. It is an unorthodox arrangement but it seems to have quite an appeal for assured if it can be gotten from a company that offers a high degree of financial solidity.

mally low levels prevailing in recent years.

"3. Competitive developments within the industry have exerted steady pressure on rates.

"4. Fire insurance stocks appear to be passing from strong hands to weak since it is estimated that within the last two years 50,000 new names have been added to the stockholder lists of American fire and casualty companies, without any corresponding increase in shares outstanding."

EDITORIAL COMMENT

Misjudging the Criminal Impulse

Although when tire rationing was first announced predictions were heard on all sides that a wave of tire thefts would develop, no such wave has as yet materialized. The daily newspapers commented on such a possibility and then proceeded forthwith to try to establish that tire thefts have already become prevalent and they tried to hunt up actual cases. Although they have been able to get a record of a few tire thefts, they have not been able to prove that tire stealing has reached anything like menacing proportions.

Perhaps this is a crime that will develop as time goes on and more and more motorists get down to the carcass of their tires but on the other hand it may come about that there will be no serious situation along these lines. Very often we are led astray in trying to go from cause to effect and we envision consequences that never eventuate. For instance, we recall that early in 1930,

an eminent specialist in burglary insurance exhorted agents to sell that line aggressively because hundreds of thousands of people would be thrown out of work, would be hard up and in desperation would be driven to take up a life of crime. As it turned out, of course, he was seeing something under the bed. Throughout the depression there was a pronounced decline in stealing. People do not steal because they are hard up. We heard just a few weeks ago another leader in the business predict that there would be an increase in thefts during this time of war, because high prices and taxes would make it tough for a lot of people to get along and they would have to supplement their legitimate earnings by working overtime as a foot pad. We still must have our fingers crossed on the tire theft situation but in predicting a wave of tire thefts we may have again misjudged the criminal impulse.

Fire Prevention Opportunity

There is a real job to be done in the protection of property and other resources during the present emergency, and the insurance business, which has a peculiar interest in such work, is doing a great deal to further activities along this line. However, the point has been raised that the present situation gives the insurance people an opportunity which they may not have again for several generations, that is to make practically every member of the public so conscious of the need for and methods of property protection that the results will be felt for years after the present

war is over. Particularly in the middle-west there may be a disposition to feel that civilian defense is being overdone. But a prominent fire insurance executive pointed out the other day that he personally was taking advantage of the situation in his own community by getting a lot of fire protective activities started that will be of the utmost value to the insurance business aside from the larger national objective of the hour. The opportunity is at hand to impress the lessons of fire protection unforgettably on the mind of the American public. The opportunity should be seized.

Prosperous Companies—Prosperous Agents

WELL ordered insurance companies always seek prosperous and progressive agents. From an insurance standpoint it can be said that agents make the companies in many respects, but we must always keep in mind the factor of good management in a company's success. Good judgment, sound sense and reasonable conservatism in management bring results.

However, those companies that seek agents that are down in the heel, who use all sorts of subterfuges to get business, lack salesmanship qualifications, that stress price rather than quality and service, that have become chronic delinquents in paying balances soon find a black mark across their record. It is

inevitably so. Such agents impede a company's progress and like termites undermine the foundations.

High grade companies as a rule attract high grade agents. Mediocre companies attract mediocre agents. Badly managed companies inevitably attract poor agents.

Many years ago when the late J. A. Giberson of Alton, Ill., entered the business he became conscious that everything was not right with his company representation. He had not been in insurance work long enough to analyze his own situation and diagnose the ailments. However, he concluded that something was wrong. He decided to make a trip to half a dozen cities of

about the size of Alton in Illinois. He visited various agencies representing different kinds of companies. He found in his travels that high class agents represent high class companies. Insurance buyers, especially those of importance, recognize the difference between agents of various grades. Intelligent buyers seek agents on the highest level. Mr.

Giberson discovered in his travels that the lower grade companies could always be found in lower grade agencies. Therefore, he returned to Alton, resigned the companies he had and started anew. He concluded that he could only give acceptable service with companies that appreciated his proposed form of representation. He had seen a new light.

PERSONAL SIDE OF THE BUSINESS

W. H. Palmer, Jr., board chairman of Virginia Fire & Marine, has been made chairman of the governing committee of the Mutual Assurance Society of Virginia.

W. A. Bartlett of Chicago, manager of the western department of Halifax, who returned from a conference in New York with United States Manager Paul J. Kennedy, has commenced an agency trip through the middle and southwest that will keep him away from Chicago until about April 1.

L. B. Daniels, president of Seeley & Co. of San Francisco, an ardent aviation fan and pilot since the last world war, has been named group commander of the civil air patrol for the San Francisco Bay area. Mr. Daniels has been active in aviation since he learned to fly during the world war and pilots his own plane up and down the coast. He is also considered an authority on aviation insurance and was a pioneer in that field on the coast. He is a former president of the American Association of Insurance General Agents.

For the agent or broker who wants a brief respite from the vandalism and malicious mischief endorsement and the soul-shattering tempo of modern life, **George S. McKearin** of the New York City brokerage firm of McKearin & Rorke recommends the field of American glass. Mr. McKearin and his daughter, Helen, are the authors of a new book, "American Glass" which is breaking nonfiction sales records in what would appear to be a very limited field. The book has been described by competent critics as "by far the most important and valuable collecting work that has appeared in many years" and as a "prodigious and invaluable work" on glass.

The book covers the entire history of American glass from the early 17th century. It not only is profusely illustrated with plates and drawings of all types of American glass, but it gives valuable information on the making and ornamentation of glass, the history of American glass houses and their founders, and treats of the characteristics of the glass produced.

T. G. Dahl, manager of the hail and farm department of Great American, is on vacation with Mrs. Dahl in Florida.

P. J. Moriarty, who retired last year as Detroit and Wayne county manager of North British & Mercantile, is confined to his home in Ann Arbor, Mich., with a broken arm. He was injured in an automobile accident while enroute to Detroit. Because of his disability he was unable to attend the funeral recently in Chicago of his brother, M. E. Moriarty, who was Chicago manager of Great American.

Fully recovered from his recent ill-

ness, **Paul L. Haid**, president of the Insurance Executives Association, is again at his office in New York City, delving into the problems presented him with his old-time vigor.

W. A. Chapman of Evanston, Ill., czar of the Joys & Gloom, has been in Tampa, Fla., visiting his son. He now has gone to Clearwater, Fla., where he will be at the West Coast Hotel for the rest of the winter. He expects to return home about May 1.

H. G. Kates, vice-president of Associated Fire & Marine, is visiting the company's departmental offices in Chicago, New York, Dallas and general agencies throughout the east and mid-west. Before going to California, he was in Columbus, O. and later in Roanoke, Va.

A. M. Brown, Jr., member of the general agency firm of Edward Brown & Sons of San Francisco, is in Washington representing his home city in promoting a measure designed to amend the Raker act, which gave San Francisco jurisdiction over national lands to develop the Hetch Hetchy water system.

R. A. Palmer, statistician of the Southeastern Underwriters Association, suffered a recurrence of a former illness and went to Emory University Hospital for a few days. Then he was taken to his home, where he will remain a few weeks before resuming his duties. Mr. Palmer has been with the S. E. U. A. for 15 years. For several years he was associate manager of the southern department of Fire Association. He was one of the founders of the Atlanta Insurance Library Association.

C. Otto Janus, Sr., Indianapolis local agent, has been awarded the Silver Beaver rank by the Central Indiana Council of Boy Scouts, a distinction for outstanding service in connection with boy's work. Mr. Janus has been for many years a director of the council and chairman of the camp committee. The number who may receive this rank is closely restricted.

A daughter has been born to **J. W. De Cessna**, Ohio state agent of Royal-Liverpool, and Mrs. De Cessna.

William D. Winter, president of Atlantic Mutual of New York, has been re-elected president of the Life Saving Benevolent Association of New York.

Hubert C. Brown, president of the Cool local agency of Glens Falls, N. Y., has been elected president of the First National Bank there. He is a director of Glens Falls Insurance Co.

T. E. Nation, assistant Cook county manager of Travelers Fire, reports the birth of a second boy, Craig D. Nation.

A. B. Smillie, Cook County manager of Travelers Fire, became a grandfather the other day for the first time. A boy,

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Winston B., II, was born to his son, W. B. Smillie, and Mrs. Smillie of St. Louis.

Raymond Rebsamen. Little Rock local agent, was elected illustrious potentate of Scimitar Temple of the Shrine.

DEATHS

C. C. Beuthel, 58, home office cashier of the Buffalo, died from a heart attack. He had been with the company 39 years.

F. H. Limpus, 55, Shelbyville, Ind., died at his home. He had been critically ill for a week following a stroke of apoplexy. His agency was established in 1916. He had served as president of the Shelby County Board.

Col. Frank L. Travis, 70, Kansas commissioner from 1919 to 1921, died. He was vice-president of Federal Reserve Life, Kansas City, Kan., and later vice-president of Occidental Life, which re-insured it, till his retirement in 1937. In 1923 he organized Commonwealth Fire & Marine, which he operated until 1929, when he joined Federal Reserve Life, managing its investment department.

Ralph H. Cooper, 65, special agent in central Ohio for Hartford Fire for many years, died in Mount Carmel hospital, Columbus. Mr. Cooper was widely known in the Ohio field. He joined Hartford in 1909 as special agent in West Virginia. He was transferred to Ohio in 1919 and had operated in that field ever since.

James G. Updegraff, 62, one of the most prominent men in the Kansas field, state agent of Royal, Newark and Queen, died in a hospital in Topeka after a short illness. He was a past president and secretary of the Kansas State Fire Prevention Association. He was born in Topeka and attended Wentworth Military Academy.

Mr. Updegraff's father, O. P. Updegraff, who is still living, was appointed general agent in Kansas for Indiana & Ohio Live Stock Insurance Company in 1907. In the same year J. G. Updegraff went into the Kansas field for North British. From 1900 until 1907 he had been with the Santa Fe Railway as private secretary to the general passenger agent at Topeka. Mr. Updegraff joined Royal-Liverpool in 1910. He started under M. W. Van Valkenburg, who was famed in his time in the western field.

From 1912 until 1917, Mr. Updegraff was state agent for Liverpool & London & Globe in South Dakota and while in that state he held all of the offices of the Dakota Blue Goose. He was most loyal gander of the Dakota pond in 1915. While in South Dakota he served as president of the State Fire Prevention Association in 1913 and 1914. He was vice-president of the Insurance Federation of South Dakota in 1915.

He was transferred to Kansas City in 1917 for Royal and his next move was to Topeka. He belonged to the Life Members Society of the Fire Underwriters Association of the Northwest.

J. Dittoe, 62, who had been with the Macklin Company and Trafford Tallmadge Co. Agencies in Columbus, O., for a number of years, died this week.

Funeral services were held in Oaklawn for **Thomas Hood Palache**, former Pacific Coast manager of Atlas Assurance, who died after a long illness. Mr. Palache retired in 1930 after being with Atlas more than a half century. He was the son of the late Gilbert Palache, who, as a partner in the pioneer shipping and insurance firm of H. M. Newhall & Co., San Francisco, was the first United States manager of Atlas Assurance.

When Atlas established its own Pacific Coast department in 1894, Thomas Palache went with it as assistant manager under the late Frank Devlin. He remained in that position until Mr. Devlin retired in 1928 when he became manager. Mr. Palache was a cousin of Whitney Palache, former vice-president of Hartford Fire, who since his

retirement has been living in Carmel, Cal.

J. J. Abernethy, 52, secretary of Republic of Dallas, died Monday at his home. Burial was in Waco, Tex., Tuesday. Mr. Abernethy had been with Republic 16 years. He started as a special agent in 1926 and in 1934 was brought into the home office underwriting department as secretary.

Adolph C. Norden, 63, of Norden, Hiezlitz & Co., Chicago brokerage firm associated with Fred S. James & Co., died of a heart attack. He was in the business for 40 years.

E. M. Garland, 76, president of Greene County Mutual, Jefferson, Ia., died there.

George W. Rankin, 66, Fort Atkinson, Wis., local agent, died at the home of his daughter, Mrs. D. M. Kenney at Lakewood, O.

E. D. Patton, Sr., 46, member of the local agency of Patton & Roy, Watertown, Tenn., died from a heart attack.

Conventions

Jan. 26-28, National Association of Accident & Health Underwriters, mid-year meeting, Kansas City, Muehlebach Hotel.

Jan. 28, West Virginia Fire Underwriters Association, annual meeting, Columbus, O., Deshler-Wallace Hotel.

Feb. 12-13, Michigan Association of Insurance Agents, mid year meeting, Lansing, Hotel Olds.

March 4-5, Fire Underwriters Association of the Pacific, annual meeting, San Francisco.

March 10-11, Minnesota Association of Insurance Agents, Minneapolis, Nicollet Hotel.

March 18-20, Louisiana local agents, annual meeting, New Orleans, St. Charles Hotel.

March 23, Iowa local agents, mid-year meeting, Des Moines, Fort Des Moines Hotel.

April 23-25, Insurance Accounting & Statistical Association, St. Louis, Jefferson Hotel.

April 21-22, Western Underwriters Association, annual meeting, Greenbrier Hotel, White Sulphur Springs, W. Va.

May 5-6, Kansas field men, Wichita, Allis Hotel.

May 11-15, National Fire Protection Association, annual meeting, Atlantic City, Haddon Hall.

May 13, Ohio Association of Insurance Agents, mid-year meeting, Columbus, Deshler-Wallace Hotel.

May 22-23, Texas Agents, San Antonio, Gunter Hotel.

May 21-23, Mississippi Agents, Edgewater Hotel, Gulfport, Miss.

May 25-28, Health & Accident Underwriters Conference, annual meeting, Kansas City, Hotel Muehlebach.

June 29-July 1, National Association of Accident & Health Underwriters, Detroit.

Meet in Vt. on Property Floater

A meeting of the Vermont Association of Insurance Agents has been scheduled for Jan. 27 in Montpelier. There will be an explanation of the personal property floater by J. Homer Donica, assistant manager, inland marine department, America Fore, and there will be discussion on: Do we want the personal property floater in Vermont? Should extended coverage be mandatory?

Mrs. John McCabe, wife of the member of McCabe & Hengle, class 1 agency of Chicago, is in Evanston hospital recovering from injuries received in a fall some time ago and is expected to be able to return to her home in Kenilworth, Ill., this week.

What are you doing to keep in contact with your small bread and butter policyholders? The Insurance Buyers' Digest will do the job for you. Write The National Underwriter for sample copy.

WANTED TO BUY (AGENCY)

Young married man with 17 years' insurance experience is interested in purchasing small general insurance business. Prefer eastern Ohio or western New York. Will consider buying interest in larger business with original owner. Address P-1, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

FIRE SPECIAL AGENT AVAILABLE

Prefer North Carolina and South Carolina but am thoroughly familiar with all southeastern territory. Good record, excellent references. Above draft age. Address P-2, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

IN U. S. WAR SERVICE

W. P. Hill, Jr., has received a commission as ensign in the United States naval reserve at Jacksonville, Fla., where he has been in training for some months. He is rated as a naval aviation specialist. His father, the late W. P. Hill, was for many years secretary of Virginia Fire & Marine.

Robert V. Ely of the Ralph B. Innis agency of Kansas City now is a first lieutenant in the 10th cavalry school at Fort Riley, Kans.

Charles E. Waldron of the Waldron-Hughes agency, Kansas City, is a member of the staff of the officers' academic school at Fort Benning, Ga.

Bernard Milmanow, four years in the claim division of National Surety, in Kansas City, a reserve second lieutenant, field artillery, has been called to service.

William H. Kelso, who has been in charge of the Chicago office of Dearborn National Fire and Dearborn National Casualty since the resignation of R. M. Perce as Cook county manager, enlisted in the army. He is a graduate of St. Bede college, Peru, Ill., 1938, where he was a member of the "All-State" Catholic football championship

team. He worked in general insurance until October, 1940, when he joined the Chicago office of Dearborn National. He is a son of A. J. Kelso, head of Kelso & Son, Chicago general agents.

Raymond A. Norden, assistant manager in Chicago for Aero Underwriters, has joined the army air corps and is leaving Tuesday for Kelly field in Texas.

Fischer Ouster Hearing Jan. 29

DES MOINES—Arguments in the ouster proceedings against Commissioner Fischer will be held Jan. 29, following agreement on the date by attorneys. The hearing has been postponed several times. The question to be determined is whether the removal power rests with the state executive council or with the governor subject to the executive council's approval.

The action arose over charges filed with the council by Benjamin Wolf of St. Louis, a policyholder of the American Mutual Life, Des Moines.

R. T. Riley, founder and president of the Canadian Fire group, recently celebrated his 50th year as a director of Great-West Life. That company is this year celebrating its 50th anniversary and Mr. Riley is its oldest director, having served almost from inception.

HIGHLIGHTS IN INSURANCE HISTORY

THE SENTINEL hath a place on the top of the highest steeple where-
by he may look all over the Town, one is by Day and the other
by Night; and every two Hour of the Night he plays half an hour
upon a Flagelet, being very delightful in the night: and he looks round
the City; if he observe any Smoak or Fire he presently sounds a Trum-
pet and hangs out a bloody Flag towards that quarter of the City
where the Fire is. Immediately all the people which are for the quench-
ing of Fires, with the Commissioners and Engineers, or as many as are
in the Town run to the place.

A.D. 1667

Under a penalty every householder on
the outcry of "fire", was required to
hang a light outside his door and as-
semble there his buckets of water that
they might be passed from hand to hand
to the scene of the fire.

Following London's Great Fire of 1666, history thus records the first serious efforts to organize something in the nature of a Fire Watch and Brigade. The beginnings of Fire Insurance, in its modern garb, also grew out of the London conflagration. And fire insurance companies have contributed mightily to our present-day ability to cope with the ravages of fire. Agents representing our Companies find ready cooperation at all times—plus up-to-date ideas and equipment for the successful execution of their business.

National Union and Birmingham

FIRE INSURANCE COMPANIES
PITTSBURGH • PENNSYLVANIA



"Prompt Paying Preferred"

50 + YEARS of SERVICE

"PROMPT PAYING PREFERRED," a phrase coined long ago, is a slogan by which this Company is known widely among Agents, Brokers and Policyholders alike.

Now rounding out 56 years of service, the continuing success of the Preferred is built upon a policy of steady, natural growth. Emphasis on intelligent insurance

underwriting, both in the field and home office, and prompt settlement of claims has assured this growth.

That the course the Preferred has followed met the approval of Producers of the highest type throughout the nation, is evidenced by the fact that the mutually profitable relationships between the Company, its Agents and Brokers are usually of many years' standing.

THE PREFERRED ACCIDENT INSURANCE COMPANY

HOME OFFICE, 80 MAIDEN LANE, NEW YORK, N. Y.

EDWIN B. ACKERMAN, President

AUTO ACCIDENT BURGLARY PLATE GLASS LIABILITY

The NATIONAL UNDERWRITER

January 22, 1942

CASUALTY AND SURETY SECTION

Page Seventeen

Jap Prisoners May Receive Workmen's Compensation

Liberty Mutual Was Insurer at Guam, Wake, Midway

BOSTON—Workmen killed or injured in the Japanese attacks on Wake, Midway and Guam islands in the Pacific who were sent there by American contractors having government contracts for work on the islands, are entitled to and will be paid the benefits accruing under workmen's compensation insurance, according to counsel for Liberty Mutual, which wrote this risk for the general contractor in charge of work.

Moreover, while no specific statement has been made by the company, it is the best opinion of counsel of workmen's compensation companies that workmen taken prisoners while defending the property of their employers on the islands will be entitled to compensation on the grounds of total disability.

Reports from the Pacific Coast to the effect that some contracting firms have refused to continue paying wages, social security deductions, workmen's compensation benefits, bonuses and cost of return passage to the United States, all of which are understood to have been included in the original contracts with the workers, are believed to relate only to some sub-contractors who may not, temporarily, be in a financial position to do so.

One General Contractor

It is the understanding here that the work on the islands was placed by the government in the hands of one general contractor and that the terms met all government requirements and safeguards, being of standard form. If some workers have not been taken care of it is believed to be due to action of the subcontractors, but that eventually the government will assume the responsibility, through the general contractor, of meeting in full the terms of the general contract.

Liberty Mutual states it has been paying compensation benefits on casualties in Wake, Midway and Guam islands covered by its policy under the usual conditions that the workmen have dependents and that they were rightfully at their place of employment.

The company is not raising any question of liability and takes the position that employees killed or injured while in the act of defending the property of their employers are entitled to compensation benefits.

Massachusetts statutes and court decisions are quoted as substantiating the opinion that workmen taken prisoners by the enemy while at work or while defending their employers' property, are entitled to benefits under the compensa-

Revives Renewal Certificate Idea

Standard Accident Decides to Follow the Practice Extensively

Some of the insurance companies realize that the paper shortage may become acute. It is a vital item for many industries. Naturally publishing houses, printers and all concerns that use large amounts of paper are much concerned over the future.

At the regional meetings of Standard Accident, Otway Conard, head of the automobile department, in his talk made the statement that it would use renewal certificates and would not require new policies on expiration unless there had been a change in the contract. For instance, he said all policyholders would be furnished with a full copy of the new, liberalized automobile contract. Although Standard Accident is giving present policyholders the full advantage of the provisions of the new policy yet the policyholder naturally wants a new contract with all its provisions. However, at expiration of the new policy a renewal certificate will be given and such will be the case for other contracts where there have been no change.

Follow Life and Accident Practice

As is known in life, and in accident and health insurance, in most companies, policies are not placed but remain just the same year by year. On fire and some forms of casualty insurance where conditions change it has not been practical to use the renewal certificate although it might be very appropriate now that the paper shortage is anticipated. Mr. Conard said that Standard Accident was prepared with a year's supply of paper and it all depended on what restrictions the government will make as to what it could do in the future.

tion law on the grounds of being deprived of their opportunity to work through no fault of their own, and should therefore receive the benefits allowed for total disability. A related Massachusetts opinion is quoted which allowed total disability benefits in the case of a Massachusetts workman who was kidnapped while acting as a watchman and was prevented from acting in his usual capacity.

Fulfilling Terms of Contract

The contractor which is insured in Liberty Mutual has continued paying the wages of its men and fulfilling all the terms of the contract, according to the best information obtainable, and the insurance company has been forwarding benefits under the policy as fast as proven claims have been received.

While the insurance companies, of course, have nothing to do with the terms of the contracts relating to wages or bonuses, social security payments, or travel home for the workers in the islands, it is the general opinion that the government intends to reimburse the general contracting firm dealing with the government for all monies expended and to provide for the employees.

Finds Plenty for Insurance to Do

E. C. Stone Outlines Work of Agents and Companies in War Effort

DETROIT—While payment of losses caused by fire or accident is extremely important, the war has made even more significant the work of insurance people in conserving material and manpower resources through fire and accident prevention, E. C. Stone, United States



E. C. STONE

manager of the Employers group, said at the annual meeting of the Detroit Association of Insurance Agents.

In war production, he said, the engineering services of the companies become doubly important in preventing accident, because nothing so retards production.

All Can Do Their Part

Insurance carriers of war industries obviously must see that their engineering service is most efficient. While this puts the chief burden on engineers and inspectors, other insurance people, including agents, must still make it a part of their business to know more and more of accident prevention and safety. They can preach prevention. They can bring to the attention of automobile drivers, for example, the extra need of driving carefully. Munition workers may be injured outside the factory, or in the home, where safety precautions must not be overlooked. All this applies with equal force to those engaged in the work of civilian defense.

Claim Departments Can Help

Persons not directly engaged in war effort may be injured as a result of carelessness, and this will throw an extra load on the services of doctors and nurses. Those services, along with medicines and medical appliances, should all be saved for those wounded in battle or for those directly engaged in war in

(CONTINUED ON LAST PAGE)

Suspend Boiler Equity Rating Scheme to March 1

Company Group Acts After Hearing Strong Protest from Producers

The new equity rating scheme for boiler and machinery business that was put into effect Jan. 1 by the National Bureau of Casualty & Surety Underwriters has now been suspended until March 1. That decision was made by the company group, at a session that was held immediately after formal protest of the plan had been entered in behalf of committees representing the National Association of Insurance Agents, National Association of Casualty & Surety Agents and National Association of Insurance Brokers.

Ralph Howe Presents Brief

The producers had a gathering in New York the day before the joint meeting with the company people and formulated their position. A brief in behalf of the producers group was read at the joint meeting by Ralph W. Howe of Richmond, Va., who is chairman of the graded expense committee of the National Association of Insurance Agents. This was a very forceful and aggressive presentation. There was no comment offered following the presentation and the meeting was adjourned, whereupon the company group went into session and decided to "freeze" the plan until March 1. It is assumed that there will be further conferences, probably during February to determine what the next step shall be.

More than 30 producers attended the two meetings in New York. Sentiment of that group is said to have been unanimously against the plan.

At the joint conference, William Leslie, general manager of the National Bureau, who served as chairman, read a prepared statement setting forth in chronological order the number and nature of the conferences held with the producers during the past two years. Holding that the agents failed to come forward with a suggested program as was expected following the understanding reached between company men and local agents at the Buffalo convention of the N.A.I.A. in 1940, the insurers decided to launch the equity rating program without further delay.

The producers asserted, however, that the companies had agreed at Buffalo to take up the matter of commissions in connection with the different divisions of the casualty business one at a time, and as the compensation line was deemed the most important it would be reviewed first. The producers, accordingly, expressed resentment because of the action of the companies in adopting the boiler and machinery plan without conferring with the agents.

Salary Deductions for Auto Premiums Menaced in N. Y.

Legislature May Amend Labor Law to Legitimize Scheme

NEW YORK—By bringing about a strict enforcement of the state labor law provision prohibiting wage or salary deductions, competing agents and brokers may succeed in breaking up salary allotment plans which a number of employers in this state have set up to enable their employees to buy automobile liability and property damage insurance on the easy payment basis. The law is extremely strict on deductions, about the only permissible exception being for group life insurance. Ordinarily the state industrial commission does not initiate investigations of payroll deductions except where there has been a complaint and there would be no ground for complaint unless there had been coercion, either real or fancied.

However, if brokers or agents who feel they have lost business through existence of salary deduction automobile insurance plans force the issue, the industrial commission will have to enforce the law to the letter, according to Deputy Industrial Commissioner M. J. Murphy. Mr. Murphy said that in any event employers would be well advised not to put the financing of automobile premiums for their employees on a deduction basis but to advance the premium as a loan if they cared to, then pay the employee his full wage and at the same time ask him to pay off the previously agreed installment on the loan.

Buffalo Broker Complained

The situation has been brought to a head by the complaint which J. F. Rozan, a Buffalo insurance broker, made to Superintendent Pink of New York and to Senator Mead. As far as the insurance law is concerned, Mr. Pink feels that there is no reason for the department to do anything unless it is shown that the agent or casualty company involved was guilty of some violation of the insurance law. Since the premium is paid by the employer there appears to be no violation of the insurance law unless the agent in presenting the plan to the employee is guilty of misrepresentation.

Because of the severity of the Page-Anderson financial responsibility law, which went into effect Jan. 1, quite a few employers in the state, usually at the instance of their agents or brokers, have set up salary allotment plans during the last six months, explaining to their employees the seriousness of having an accident while uninsured and in some cases calling attention to the fact that the employee's value to the firm might drop to the vanishing point if he were unable to drive his car.

While some such arrangement as that suggested by Deputy Commissioner Murphy might be acceptable to some employers it would certainly be considerably more complicated to administer than a straight salary allotment plan. It might cause many employers to drop the entire idea and would very likely discourage in advance those who might be thinking of setting up a salary deduction plan.

Since the New York legislature is now in session, one possibility is that an amendment to the law may be enacted which would permit deductions for automobile liability insurance, since such plans are obviously in the employee's interest.

A. & H. Committee Donates Ambulance to Red Cross

Responding to America's call for all-out war effort, the 1942 Accident & Health Insurance Week committee has voted to convert a portion of its promotional fund for the week into equipment to be presented to the American Red Cross.

A combination ambulance blood donor truck and mobile field kitchen fully equipped for ambulance service, with four-stretcher compartment, as well as a medical unit and mobile canteen is being purchased by the committee and is to be presented to the national offices of the Red Cross as soon as it is ready for delivery.

Drop "Typical Nurse" Idea

The committee voted to forego the nationwide search for the typical American nurse originally planned before the outbreak of the war as one of the features of Accident & Health Week and instead to place the funds at the disposal of the Red Cross. Offices of the Red Cross were asked what equipment was most vitally needed and they suggested the three-way ambulance unit. The truck is to be equipped for emergency calls as well as mobile blood donation service and at a moment's notice can be diverted to disaster and air raid work. Its field kitchen can be set up for feeding large numbers of air raid or disaster victims.

The Accident & Health Week committee's original plans called for an award of a defense bond to be presented to the typical American nurse but committee members decided that presentation of the ambulance unit was a matter of practical patriotism and decided to donate the prize money for the ambulance instead. Other plans for the week are unaffected by the discontinuance of the contest.

Samples of promotional material to be distributed through THE NATIONAL UNDERWRITER'S sales organization are beginning sent out to companies this week.

Oppose Making Companies Pay Cost of New York Law

BUFFALO—A resolution favoring revision of the provision of the new automobile safety responsibility law that cost of administration must be borne by insurance companies was adopted by the Buffalo Casualty & Surety Club.

The resolution recommends that cost of administering the law come out of a general fund or be provided for by an addition to the automobile license fee.

A. J. Roche, former police commissioner of Buffalo, discussed the work of the police force in national defense.

In Charge of A. & H. Mid-Year Meeting



C. E. Dalrymple



G. L. Dyer, Jr.



F. G. Packwood



M. F. Houston

Clyde E. Dalrymple, Preferred Accident, Milwaukee, is president of the National Association of Accident & Health Underwriters, which is holding its annual meeting in Kansas City next week. George L. Dyer, Jr., Columbian National Life, St. Louis, first vice-president, is in charge of the Leading Producers Round Table. F. Glenn Packwood, Massachusetts Bonding, Kansas City, is general convention chairman and M. F. Houston, Washington National, is president of the Kansas City association.

Tentative Plans for U. S. Health Insurance Hinted

The "United States News" has published what it claims are tentative plans for putting into effect the recommendations of President Roosevelt made in his recent budget message for increase in social security taxes and expansion of benefits. Legislation to carry these recommendations into effect has not yet been introduced. Interest is keen in the subject on the part of accident and health people particularly, because the President recommended providing total and permanent disability benefits and hospitalization.

Benefits for Disability

According to the "United States News" the tentative plan is to provide benefits in the event of permanent disability on a basis comparable to the system now used in providing for persons retiring because of old age. It is estimated, according to this publication, that the cost of permanent disability benefits would range from about \$600,000,000 to \$1,000,000,000 a year or from 1½ percent of payroll.

Tentative Administration Plan

The tentative plan is to administer temporary disability benefits as a part of the unemployment compensation program. Benefits would be provided to those who become sick while unemployed and are not entitled to unemployment insurance benefits.

The "United States News" asserts that it is very unlikely that Congress will act any time soon on the President's recommendation for hospitalization benefits to be included under social security.

Experience Is Bad with Automobiles at Military Camps

Casualty companies have now obtained sufficient experience on automobiles owned by private soldiers or non-commissioned officers in the camps throughout the country to make definite conclusions. The loss ratio on liability and property damage has mounted to such an extent that some companies are requiring an endorsement to the effect that other than the named assured the only others authorized to drive the car and covered under the policy are members of the immediate family.

The difficulty seems to have arisen from soldiers loaning their cars to those that do not have automobiles at camp. They have been very careless in driving and the claims have grown in number and size.

Premiums Overdue from U. S. Cut Into Surplus Showings

Most State Laws Permit No Exceptions, Even for Government

NEW YORK—Unpaid premiums due from the federal government on defense projects may cause surpluses shown in forthcoming annual statements of many companies to appear considerably smaller than they would if state laws did not prohibit carriers from including as admitted assets premiums more than 90 days overdue.

Obviously a premium due from the government is as good as money in the bank but in most states the insurance law prohibits companies from taking credit for premiums more than 90 days overdue and there is nothing the insurance commissioners can do about it until the law is changed, even though the insured is the federal government and there is no question about its credit standing. While the commissioners are sympathetic their hands are tied except in a few states. The number of states in which an exception can be made is so small however that the ban might as well be universal.

Dent Is Appreciable

Since the workmen's compensation premium alone on one of these defense projects may run several hundred thousand dollars the effect on surplus while having to write off overdue premiums can make quite a dent in surplus.

The slowness of the government in paying these premiums is of course no indication of any question as to their eventual payment or any disagreement over the amounts. It arises merely because of the size of the amounts involved, the relative newness of this type of work, and the delays incidental to government accounting and procedure. Nevertheless the effect on the published surplus is the same as if the loss were a real one and not merely a technicality.

Since 1942 is an "off" year for most legislatures it would not be possible to have the laws amended in very many states to make an exception in the case of overdue premiums which are owed by the federal government.

While the cost of insurance to be paid by the government on defense projects is being paid by the government the money does not go direct to the insurer but to the contractor, who then turns it over to the insurance company. Hence the premium technically is not owed by the government but only by the contractor.

Commissioner Blackall of Connecticut has permitted companies to take credit for premiums due on these government projects, his state being one of the few in which there is sufficient latitude in the law to permit a special dispensation being made.

To Compensate Defense Workers

SAN FRANCISCO—At the request and suggestion of Attorney-general Warren, a bill will be presented at the forthcoming special session of the California legislature—called to consider war emergency measures—to provide compensation for volunteer defense workers who may be injured in the course of their patriotic duties. Mr. Warren previously held, on inquiry from the industrial accident commission, that such volunteer workers are not covered for compensation under any existing laws.

Auto Situation Puts Emphasis on Line Diversification

Specialty Writers Alert— New Interest Is Seen in Burglary Cover

Although interest is keen in the ranks of all companies as to automobile insurance prospects, because of tire rationing, cessation of new car production, etc., the situation is being analyzed with the utmost intentness by those companies that have been writing automobile insurance exclusively and by those in which automobile insurance constitutes by far the major line. A good many observers seem to have hit on a prediction that insofar as the automobile third party lines are concerned at any rate, the premiums will show a decline in 1942 of about 20 percent and that for the first six months at least there may be no decline at all. Perhaps that is due to the fact that it is roughly estimated that about 20 percent of the automobile casualty premiums each year are accounted for by insurance on new cars.

There seems to be quite an element among motorists that drops all insurance, even including the third party lines, after the car is two or three years old. To drop auto P. L. and P. D. merely because a car has some age in it is, of course, silly but nevertheless quite a proportion of the motorists do it. They come back into the insurance market when they buy a new car, and since there will be no new cars sold this year, those who would normally buy insurance simply because they had a new car instead of an old one, presumably will continue to go uninsured. In addition there will be quite a large number of motorists who will either put their cars up for the duration or will sell them. With the prices for second hand cars at such a high point there appears to be a great number of car owners who feel that they can get along pretty well without an automobile and who prefer to sell if they can get back pretty close to the purchase price of their cars. With sky rocketing taxes and increased expenses and with a strong impulse to buy defense bonds a lot of people see an opportunity to ease their way by eliminating the expense of keeping up an automobile.

Prospects for 1943 Dark

Nevertheless a decline of 20 percent would by no means be annihilating. Very few are hazarding a guess as to what the situation may be in 1943, as the factors upon which to base an estimate are so obscure. However, should the war continue and the rubber supply stringency remain, the prognosis is certainly dark for automobile insurance.

Several of the automobile specialty companies were jolted two or three years ago into broadening their horizon when the National Bureau of Casualty & Surety Underwriters came out with its safe driver reward plan and still later when the National Bureau adopted the A and B rate classification scheme. That caused the independent automobile insurers to put on their dark glasses in looking upon the future. Some of the companies at that time prepared to enter the general casualty field and two or three that had fire companies as running mates to write auto fire and theft in those states in which full coverage writing through one corporate entity is

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Pittsburgh Insurer Settles Claims

Coal Operators Ends Suit Arising from Barfod, Van Buskirk Deals

The financial condition of Coal Operators Casualty of Pittsburgh has been improved to the extent of \$100,000 as a result of settlement of its claim against Girard Trust Company of Philadelphia and its claims against United States Plate Glass & Liability of Philadelphia.

Upon payment of \$210,000 Coal Operators has received from Girard Trust Company \$250,000 in government bonds that was formerly among the assets of Coal Operators but which was hypothecated at Girard Trust Company by Einar Barfod, former Pennsylvania insurance commissioner, and H. E. Van Buskirk of New York in August, 1940, during the brief time that they had control of Coal Operators. In addition to the \$40,000 advantage to Coal Operators in that transaction, the Pittsburgh company received \$30,000 from Aetna Casualty under its bond covering the former Coal Operators officials and \$30,000 from United States Liability payable in quarterly instalments of \$1,250 each commencing Aug. 15. All parties have executed releases.

The original loss of \$250,000 to Coal Operators was fully restored by the payment of \$250,000 of new cash capital and surplus in December of 1940.

Effective Dec. 30, 1941, Coal Operators increased its capital from \$100,000 to \$200,000 by payment of a 100 percent stock dividend. Coal Operators' year end statement, according to the management, will show capital \$200,000 and net surplus of about the same amount. The reserve which had been carried in connection with the Girard Trust Company suit will be eliminated.

Complicated Transactions

In March of 1941, Barfod and Van Buskirk were arrested and charged with defrauding Coal Operators of assets aggregating \$299,800. The complaint alleged that Barfod had gained control of Coal Operators, that Barfod had been elected treasurer and Van Buskirk president. The allegation was that Barfod and Van Buskirk brought the securities of Coal Operators to the Pennsylvania Company in Philadelphia and put them in a safe deposit box to which they had access jointly. The affidavit of Attorney Charles Denby of Pittsburgh representing the new ownership of Coal Operators alleged that Van Buskirk and Barfod subsequently removed the bonds from the safe deposit box and pledged them with Girard Trust Company for a loan of \$250,000. Barfod at that time was quoted as saying that he and Van Buskirk paid a total of \$350,000 for Coal Operators of which \$156,000 was in cash. "We owned the company outright," Barfod was quoted as stating, "it was our property we were dealing with. We paid them \$156,000 for this. How can you steal from yourself?"

Needed \$250,000 Cash

Van Buskirk and Barfod wanted to purchase another company, for which \$250,000 in cash would be needed, Barfod said. That was what led to the loan, he declared. He stated that he and Van Buskirk could not sell the stock of Coal Operators Casualty because no one wanted it so the loan was made in the name of United States Plate Glass & Liability, its stock being marketable. That purchase plan fell through, however. Barfod said he then was told by W. J. Stitel, Jr., then vice-president, and D. E. Miller, then assistant treasurer of Coal Operators, that Coal Operators needed cash. Accordingly, according to Barfod, he and Van Buskirk wired them \$170,000 which was taken

Non-Bureau People Adjust Auto Rates

Expect Independents to Retain Same Relative Distance as in Past

Continental Casualty is revising its automobile P. L. and P. D. rates in those states in which the National Bureau has made changes effective Jan. 12, to put them on a basis that is from 8 to 10 percent lower than the initial National Bureau rates. When the National Bureau adopted the safe driver reward plan, Continental Casualty withdrew from the bureau, as it was strongly opposed to the principle of that plan and it adopted a rate scale that was about 13 percent below the initial National Bureau rates. That was regarded as the mathematical equivalent of the net overall rates of the National Bureau, taking into effect the safe driver reward refund. Then a few months ago, Continental Casualty increased its rates to a scale that was from 8 to 10 percent below the initial rate of the National Bureau companies and that relationship is being maintained by Continental Casualty now that the National Bureau has introduced new rate changes, practically all of which are in the nature of increases.

Several other of the non-bureau companies adopted a similar policy and it is assumed that most of them will keep at about the same distance from the initial National Bureau rates, now that changes have been made, that they have been keeping in the past.

There is a growing tendency on the part of groups of non-bureau companies in various states to get together and agree upon a uniform rate scale. Several such meetings have been held or are being scheduled in various states just now. The non-bureau companies consist of such diversity of type of insurer that it seems impossible to get an agreement among all of them but groups of six or a dozen or 20 or so that operate on a more or less common basis are able to get together. The differences in non-bureau rates today amount usually to only 20 or 30 or 50 cents or so. The differences do not constitute any real competitive advantage. Indeed, some of the non-bureau companies say that they do not want the type of assured who would buy a policy from a particular company merely because it was 30 cents lower than that of some other company.

American Automobile, one of the most important non-bureau companies, has not yet made any rate changes, following the National Bureau rate increases. American Automobile increased its rates a few months ago, independently of the action of any other companies. It may decide to make some changes within a few weeks.

It will be the purpose generally of Ohio Casualty to follow the upward revision of rates, paying due consideration to conditions as they exist in each territory. In some areas Ohio Casualty will continue as it has in the past, using rates reflecting percentages below manual equal to the safe drivers reward. In

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from the \$250,000 that had been received from Girard Trust Company. That sum, he said, was never checked out of Coal Operators Casualty. Shortly afterwards, according to Barfod, he and Van Buskirk began negotiations to take over another company that had an income of \$4,000,000 but before that could be consummated he said John A. Robertshaw, former owner of 700 shares of Coal Operators Casualty, "claimed we were in default on the stock." He said that when Robertshaw and others began bringing charges he and Van Buskirk returned the stock and control of Coal Operators "although in actual part they kept the \$156,000 that we had paid for the initial payment."

Big Turnout for Texas Casualty Meetings

Agents Get Outstanding Program at Dallas and Houston

DALLAS—The annual casualty and surety meetings sponsored here and in Houston by the Texas Association of Insurance Agents this week attracted large crowds with the presentation of an outstanding array of speakers. Attendance at the Dallas session was 221, with 143 local agents and 78 company men registering. The turnout in Houston, where the program was repeated, was impressive.

The mid-winter meeting of the directors of the Texas association was held here preceding the casualty and surety gathering.

Gambrel, Teague and Bevan

Eric C. Gambrel, Dallas, president of the Texas association, and E. A. Teague, American Surety, Dallas, the chairman of the companies' committee, started off the meeting with greetings. Chairman A. H. Bevan then launched the program of addresses.

Appearing on the program, which was interspersed with questions and discussions, were J. P. Gibbs, Texas casualty commissioner; Roy L. Davis, Chicago manager of the Association of Casualty & Surety Executives; J. H. Garneau, home office representative of Hartford Accident, whose talk on accident and health appears elsewhere in this issue; E. H. Luecke, production superintendent of Fidelity & Casualty, who discussed burglary coverage, and H. Cecil Wasson, U. S. Aviation Underwriters, Atlanta, on aviation. Billy Greaves, San Antonio, went over the new automobile policy and rules, which were then discussed.

Offsetting Priority Losses

As the war effort increases, there will be a demand for new coverages and more adequate protection of expanding payrolls and inventories, Mr. Davis said. But conversion of industry to war work means a shifting in casualty and surety premiums. Many small firms will have to close their doors because of priorities, and both they and their employees will have to reduce drastically their insurance accounts.

The alert agent will hedge against this shifting of business by seeking new contracts, both business and personal; by carefully reviewing the insurance requirements of his present clients, seeking to place additional coverage where needed; by creating a volume of small coverages to replace the major risks that may go off the books, and by keeping closely posted on the changes in national economy and in insurance business.

Casualty Carriers' War Effort

Work of insurance company engineers through the Insurance Committee for the Protection of American Industrial Plants is extremely important and is a direct contribution to the war effort, Mr. Davis commented. Because every fighter at the front now requires nine men on the production lines, the country cannot afford to waste the time and energy of its industrial producers. Conservation and safety are two things which casualty companies are most familiar with and with which they are prepared to cope. In this respect

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A. & H. Association Mid-Year Meeting Program Announced

Sales Side to Be Featured in Two-Day Session in Kansas City Next Week

KANSAS CITY—The program for the mid-year meeting of the National Association of Accident & Health Underwriters here next week lays expanded emphasis on sales for the sessions of both Jan. 26 and 27. Jan. 28 is given over completely to individual company sales meetings.

The convention will get under way in the Hotel Muehlebach Monday morning. Most of that day will be given over to association business meetings. In the afternoon, John M. Powell, Loyal Protective Life, president Health & Accident Underwriters Conference, and W. F. White, Globe Indemnity, chairman of the Bureau of Personal Accident & Health Underwriters, will illustrate the role of disability insurance in today's wartime picture.

Leading features that day will be the setting up of the Leading Producers Round Table led by George L. Dyer, Jr., Columbian National Life, St. Louis, first national vice-president, and a discussion of local association problems led by F. Glenn Packwood, Massachusetts Bonding, Kansas City.

Sholl Presides at Opening

C. A. Sholl, Globe Casualty, Columbus, O., third vice-president National association, will preside at the opening session. Mayor Gage of Kansas City will give an address of welcome, with response by National President Clyde E. Dalrymple, Preferred Accident, Milwaukee, followed by his presidential address, "Have We What It Takes?"

Monday afternoon Homer J. Bisch, National Casualty, Toledo, second vice-president National association, will preside. Mr. White will speak on "The Part That Accident and Health Plays in the Defense of American Business." Mr. Powell on "The Part That Accident and Health Plays in the Defense of the American Home," and Mansur B. Oakes, Indianapolis, on "Suggested Methods for Reaching Certain Goals or Quotas."

Local Association Session

The local association session program includes: "Public Relations, Publicity and Organizing New Associations," F. M. Walters, General Accident, Philadelphia, chairman public relations committee; "How and Why Indianapolis Won the Ferguson Trophy," C. Norman Green, vice-president Hoosier Casualty Company; "Presenting Programs Members Cannot Afford to Miss," Don E. Compton, Provident Life & Accident, Chicago; "How and Why Every Association Should Hold a Spring 1942 Sales Congress," Rollin B. Smith, Great Northern Life, Oklahoma City.

In the evening "T Formations for the App Bowl" will be presented, reproducing transcribed sales talks of four top-notch Kansas City accident and health salesmen, presented by Lyle Kindig, assisted by Ray Moser (prospect) and these salesmen: Guy Lane, Carl Damon, L. Tuller Bayless and George Swaney.

Sales Congress on Tuesday

The "Pattern for Production" sales congress will occupy the entire day Tuesday. It will be preceded by a regional directors organization breakfast, held jointly with National associa-

Theory of Membership Fee Pondered in Wisconsin Case

The decision of the Wisconsin supreme court upholding Commissioner Duel in his refusal to license State Farm Mutual Automobile of Bloomington, Ill., contains a lengthy discussion of various aspects of the so-called membership fee of State Farm Mutual. The use of a membership fee has been one of the cardinal individualistic practices of State Farm and it is part and parcel of that company's system of operation. State Farm collects a membership fee when the policy is first written and thereafter the assured is entitled to buy insurance at a lower cost. In other words a membership fee is collected only once. That membership fee covers first year acquisition cost and in subsequent years the agent and district agent get only a nominal commission.

Most Producers Part-Timers

The great majority of State Farm Mutual producers are part time insurance agents and hence are satisfied to accept a reduced scale of renewal commissions. The management believes that its practice is sound and it puts forth some very strong arguments. The management fee is immediately captured by the company. The policyholder is never entitled to any refund and hence no premium reserve is put up against the fee. It is not treated as a part of the premium at all. The management of State Farm asserts that the traditional insurance requirement of reserving against that portion of the insurance premium that is paid to agents in commission puts a limitation upon the sales opportunities of a company and its salesmen.

Sees Stifling Effect

They say that the customary system is a stifling one, since it puts a limit on the sales that can be made, because of the drain upon surplus where there is an increasing amount of business written. The State Farm companies are carrying the same theory into the life insurance business, claiming that the preliminary term valuation basis is an

ation officers and all National association committee chairmen and their associates or assistants.

Mr. Dyer will preside in the morning and the program includes: "Courage in Spite of Fear," Roe Bartle, director of Boy Scouts, Kansas City; "The Value of an Accident and Health Account to an Agent," C. F. Lundquist, Fred S. Ames & Co., president Chicago association; "Our Business—Yesterday, Today, Tomorrow," W. T. Grant, president Business Men's Assurance; "Prospecting and Time Control," W. B. Cornett, Loyal Protective Life, Columbus, O.; "Presenting the Sale," Charles H. Davis, Pacific Mutual Life, Chicago.

The sales congress luncheon will feature Tom Collins, Kansas City humorist and philosopher, and the playlet "Accident and Health in Action" or "When the Siren Sounds," presented by the Resident Theater, directed by Charles Alan.

Panel on Meeting Objections

The afternoon session, with Mr. Dalrymple presiding, will open with a panel discussion, "Meeting Objections," led by R. J. Costigan, Business Men's Assurance, assisted by C. W. Cochran, General American Life; Kiah Warden, Connecticut General Life; John E. Miller, Columbian National Life, and Don Lawrence, Travelers, all of Kansas City.

Addresses at that session will be: "Closing the Sale," George W. Kemper, Fireman's Fund Indemnity, San Francisco; "Conserving Second and Third Year Renewals," E. H. O'Connor, Provident Life & Accident, Chattanooga, and "Motivation," C. C. Day, Pacific Mutual Life, Oklahoma City.

artificial means of permitting companies to write new business without reducing surplus too rapidly and that a more straightforward system would be to charge something like a membership fee in the first year that would not be counted as a premium, against which no reserves would have to be set up and which would cover the acquisition cost.

Although stating that the plan of State Farm Mutual is ably defended as a convenient and just method of charging to each at the outset the sales and acquisition cost of his own insurance, thus reducing sales cost and effecting general economies without undermining the soundness of the insurance, producing lower costs that are reflected in lower premiums, yet the court held that the system is not in conformity with the Wisconsin laws. The court states that it does not assert that the plan was for the purpose of evading statutory reserve requirements. The court stated it is not in a position to appraise the general soundness of the plan. Such an appraisal would necessitate consideration of many difficult and technical insurance problems that are not involved in the suit.

No Liability to Assured

State Farm claimed that the membership fee results in no liability to the policy holder to which a reserve would be applicable because no insurance is purchased with it, but merely the privilege of continuing to be insured at the rates charged by State Farm. However, Commissioner Duel contended that the membership fee plan is in effect simply splitting up an ordinary premium, calling part of it a membership fee, to which certain expenses of insurance are allocated. He insisted that for all purposes of the Wisconsin statute, the fee must be considered part of the premium. The court agreed with this theory. The court goes on to say that the premium must include the normal and usual expenses of furnishing insurance protection. The statute requires that the consideration for the premium shall be insurance protection and not extraneous privileges of the sort given by the membership fee. It cannot have been the statutory intent to permit insurance companies to allocate a portion of the expense of doing business for some sort of privilege and to designate the rest of the cost of insurance a premium. To do this would put it within the power of the insurers to set their own reserve requirements by redefining "premium." The situation is not helped by so arranging the contract that the fee carries no insurance nor other liability.

Held Part of Premium

The court observes that the membership fees of State Farm Mutual are included as gross premiums in several of its reports. Moreover the membership fee to some extent varies according to the territory and type of risk involved. "These circumstances," the court stated, "seemed to us of more than make-weight importance in deciding that the membership fee is simply a part of the premium arbitrarily separated and given a distinct name. The difficulty with the position of State Farm Mutual is that its plan as a whole is violative of the statutes in respect to reserves because it splits its premium and in return for part of the premium, sells a privilege to which reserves are either inapplicable, or in respect of which it is impossible to compute them."

At a later point the court states that the use of small policy fees by town mutuals which are not under any reserve requirements and the exaction of fees for social privileges in fraternal organizations which are something more than mere insurance companies, has no bearing on the question.

Low Loss Ratio on Defense Projects Is Surprising

Compensation Claim Experience So Far Has Been Excellent

NEW YORK—The low aggregate loss ratio arising out of compensation claims on defense projects has been a surprise to many casualty men, who felt that because of the fast pace of the work and the employment of green help a higher than normal loss ratio was to be expected. While there have been a couple of big cases where the experience was sour the over-all results fully justify the loss ratio of approximately 30 percent which Capt. Reese F. Hill, War department insurance expert, gave in answer to a question at the recent annual meeting of the American Association of Teachers of Insurance.

Losses have been running in the neighborhood of 30 percent of the indicated standard premium, this ratio applying to the combined experience under the guaranteed cost plans and the cost-plus basis which superseded the earlier setup. Furthermore, there is nothing in the nature of the claims that would cause the loss experience, as it finally works out, to increase the ratio particularly.

Reasons for Ratio

Reasons for the unusually favorable experience appear to be, first, that the government has insisted on maintenance of a high standard of accident prevention work and ample medical, nursing and hospital facilities. Since the contractor on a cost-plus project is not out of pocket for this elaborate prevention work and care for the injured he is under no temptation to cut corners.

Second, while some green help was taken on, contractors have done their best to get the best workers available, often paying them high wages to lure them away from existing jobs. Hence workers on defense projects tend to be among the best in their respective crafts.

Third, because of the high rate of pay and the large amount of extra payroll due to overtime and Sunday work the indicated standard premium tends to be much larger than if wage levels were normal and only the usual number of hours were being worked each week. Naturally there is an increase in the exposure when men work overtime but there is no reason to suppose that the hazard is one and one-half times as great for the overtime hours and twice as great for Sunday hours, though the rates of pay are increased to that extent for overtime and Sunday work.

With so many doctors and nurses being absorbed by the armed forces it is possible that scarcity of good medical and nursing service may be a problem on future defense projects. One solution might be that the war department will supply army doctors and nurses for this work. It has already done this in case of army construction projects at island bases, though the Navy Department has left to the insurance carrier the responsibility of supplying adequate medical nursing and hospital service on its foreign projects.

From cost point of view the supplying of medical care by army or navy doctors and nurses has much to recommend it. The cost of getting first class civilian doctors and nurses for what is necessarily temporary work is high, particularly where the job involves a long stay at an isolated and perhaps dangerous outpost.

Safety Council Points to Adverse Accident Factors

The ban on new automobiles and tires does not automatically solve the traffic accident problem, the National Safety Council asserts. "Since the curtailment was announced, there seems to be a growing belief that traffic accidents will drop," Sidney J. Williams, director of public safety, points out. That theory isn't supported by fact, he contends.

Mr. Williams said the curtailment might reduce accidents if it reduces sharply the number of cars in use, influences those who do use cars to drive less, and influences motorists to drive more slowly and carefully to prevent excessive wear or loss of the car in a wreck.

But it is more probable, Mr. Williams declares, that other factors may cause an actual increase in the traffic toll. For instance:

Motorists will be driving older cars, and may find it difficult to keep them in safe condition because of a shortage of spare parts and skilled mechanics. Tires frequently will be used beyond the safety point. Many cars discarded as unfit for services will go back on the road. The tempo and urgency of war production and transportation will be increasing every day, further aggravating the problems that already have sent the traffic toll to record proportions. Blackouts may come to many cities.

Mr. Williams added that if safety leaders and the public feel that the auto and tire curtailment takes care of everything, there may be a serious letdown in personal and organized safety efforts. The problem of traffic accident prevention never will solve itself, barring a complete ban on the private use of gasoline. In England traffic deaths, even daytime deaths where blackouts were not a factor, increased greatly, despite a sharp curtailment of non-essential auto travel.

"The toll must be cut 8,000 before we get back to where we were in 1938. This is no time for complacency. It is the time for more intensive attack," he declares.

Morris Ohio Field Club Speaker

COLUMBUS—Earl F. Morris, attorney, will speak at the next meeting of the Casualty & Surety Field Club of Ohio on "Dogs of the Law." At the last meeting, Eugene L. Hensel, attorney, spoke on the changes made in the new liability policy.

Liberty Expands in Hartford

HARTFORD—In order to handle an increasing volume of business which, according to Resident Manager W. F. Tally, now amounts to over \$1,000,000, Liberty Mutual has leased four additional offices at the Century building here.

SAFETY ENGINEER WANTED SALARY \$5,000

UNUSUAL OPPORTUNITY for advancement for man who can qualify and who has the proper background in public liability and compensation field. Must have experience in handling large fleets. Must be able to show proof of past accomplishments. Prefer graduate engineer. Position permanent in large, well established insurance organization. In reply give complete personal history. Address O-99, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

Arrange Committees for Illinois Federation Rally

The nominating and program committees for the annual meeting of the Insurance Federation of Illinois, to be held Feb. 17 at the Union League Club Chicago, was announced by President John P. Keevers, resident vice-president Maryland Casualty, Chicago.

Nominating, James White, Travelers Indemnity; Ralph S. Danforth, Millers National; W. M. Houze, John Hancock Mutual Life, and J. H. Norton, Insurance Brokers Association of Illinois, all of Chicago and Alvin S. Keys, Springfield.

Program, J. L. Clarkson, Bartholomay & Clarkson, chairman; G. F. Manzemann, North American Accident; F. C. Read, Car & General; Gail Reed, Brothers Association; and W. O. Schilling, U. S. F. & G., all of Chicago, and G. R. Kendall, Washington National, Evanston, Ill.

Arrangements for the meeting are being completed by Gail Reed and Lillian Herring, secretary of the Federation.

New Globe Indemnity Counsel

NE WYORK—F. A. W. Ireland, counsel for Globe Indemnity during the major part of its existence has retired and James J. McGuirk, Jr., has been promoted to succeed him. Mr. Ireland served with distinction on many legal committees of organizations dealing with the problems of the casualty and surety business. He worked on many important cases in the various state and federal courts.

Mr. McGuirk is a graduate of Fordham law school, where he also took his pre-law work. After serving his law clerkship with Hawkins, Delafeld and Longfellow, New York City, he joined the Globe Indemnity's law department. Leaving to join the army during the last war, he returned to the Globe Indemnity when the war ended. He is a member of several of the legal committees of casualty and surety organizations.

D. F. Johnson Succeeds Stanten

D. F. Johnson, who has been in charge of the surety department of the Lumbermen's Mutual Casualty of Chicago in New York City, has been called to the head office to head the department there succeeding A. G. Stanten, who was elected vice-president of the Excess of New York and has gone to its home office.

Cuts "World-Wide" Theft Rates

Indemnity of North America has reduced the rate of its world-wide theft policies. The Indemnity company originated this cover and issues it in every state except New York.

The surcharge of 50 percent, which formerly applied to the full amount of insurance carried, is now charged only on the first \$1,000 of coverage. All policies in excess of \$1,000 will be written at the residence theft policy rates. For specific insurance, the charge is now twice the residence theft policy rate, instead of the previous rate of three times.

The effect of these changes will be to eliminate the necessity for separate world-wide and residence theft policies for the same assured, or of a residence theft endorsement on a world-wide policy.

Columbus Claims Club Elects

COLUMBUS, O.—The Columbus Claims Club, at its annual meeting elected John G. Winkler, Ohio Farm Bureau, president; D. M. Cash, Ohio Farm Bureau, vice-president; Charles VerNooy, Ohio Casualty, secretary, and L. W. Gehring, Buckeye Union, treasurer. The speaker was Arvi Alexander, a member of the city council.

Travelers Estimate Claims Paid Total 3½ Billion

HARTFORD—The American public last year received \$6,754 a minute, \$405,251 an hour, \$9,726,027 a day from its insurance companies, the Travelers group estimates. Payments to policyholders and beneficiaries in 1941 totaled about \$3,550,000,000.

About 70 percent of the total, or \$2,500,000,000, was disbursed under life policies. Holders of personal accident policies and health insurance were paid \$160,000,000, and workmen's compensation payments totaled \$150,000,000.

Payments of \$460,000,000 under fire policies represented a 15 percent increase over 1940. Travelers reported \$195,000,000, or over 11 percent more than in 1940, was distributed in reimbursements for property damage and personal injuries or deaths incurred in automobile accidents.

U. S. Casualty Names E. A. Bradley to A. & H. Post

NEW YORK—Ernest A. Bradley has been appointed production supervisor for the accident and health line of United States Casualty. He previously traveled the eastern territory for Continental Casualty. His father was connected with the accident and health department of Globe Indemnity for a number of years.

U. S. Casualty Office Moves

The New York metropolitan office of U. S. Casualty has been moved to new offices on the grade floor at 51 Maiden Lane. The office may also be entered through 60 John street. Heretofore most of the work of the metropolitan department was done on the sixth floor at 60 John.

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the over-load of risk.*

If you have lost premium income because some of your accounts have become self-insurers, remember this: Most companies, large enough to self-insure against ordinary, "average" risk, could not stand the financial strain of a catastrophe. That's why practically every self-insurer is a prospect for "Excess" coverage.

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ACCIDENT AND HEALTH

A. & H. Essential in War Effort, Asserts Roger W. Babson

Holding that morale is an absolute essential for every successful war effort, Roger W. Babson, nationally known economist, advocates as one of the chief foundations of morale, "rapid and widespread promotion of accident and health insurance. Our country at war is more urgently in need of accident and health insurance than it ever was at peace."

The valuable public service rendered by the accident and health companies both in published material and personal contacts through their field representatives, was lauded by Mr. Babson. "By satisfying in a wholesome way man's basic demand for security, the spread of accident and health insurance can do much to eradicate the dangers of sitting in Uncle Sam's lap," he declared.

In emphasizing the need for highly skilled, indefatigable missionary work in placing accident and health protection over a fully representative cross section of the community, Mr. Babson pointed out that "it seems logical that this task can be handled most efficiently by those who make insurance their full time career and life work."

"America's war effort can be definitely strengthened by expansion of accident and health insurance, extending its coverage to everwidening groups of population. The nation is under definite obligation to the companies for their educational and preventive work, doubly important in this high tension period. Yes, accident and health insurance should rank as highly essential to the nation at war."

Accident-Health '41 Premiums Up 12%

Another increase in premium volume was recorded by accident and health companies in 1941. Over \$33,000,000 more accident and health premiums were written last year than in 1940, making the 1941 total in excess of \$308,000,000.

This increase of over 12 percent in premium volume last year was estimated by Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, based upon reports furnished him by company members of his organization representing over 65 percent of the business written by his membership.

This establishes a new all-time high mark for accident and health business.

Added to this remarkable achievement, loss ratios in 1941 were reported slightly less than those for the previous year.

N. Y. Installation Dinner Jan. 29

NEW YORK—The Accident & Health Club of New York will hold a dinner meeting and installation of officers Jan. 29. The guest of honor who will install the officers is Ray L. Hills, Great American Indemnity, past president of the club.

Robert W. Carey, Fireman's Fund Indemnity, has been named as assistant treasurer to replace William F. McCarthy who had been elevated to treasurer.

Lee Detroit General Agent

Clarence E. Lee has been appointed general agent of Loyal Protective Life in Detroit, under W. B. Cornett, superintendent of agents, who has charge of agencies in Michigan, Ohio, Indiana and West Virginia. He succeeds Charles Waddell, who has headed the agency at 2337 Book Tower for two years, and who is now president of the Detroit Accident & Health Association.

A. & H. Association Annual Meeting to Be June 29-July 1

DETROIT—The annual meeting of the National Association of Accident & Health Underwriters will be held in Detroit June 29-July 1. The dates were decided upon at a directors' meeting of the Detroit Accident & Health Association, host organization, after officials had checked on hotel facilities.

Plans for entertaining the convention were discussed informally. President Charles Waddell, Loyal Protective Life, was in charge, assisted by H. H. Jones, Commercial Casualty, past president and national director. Committees were set up and selections for chairmen discussed, with appointments to be announced after acceptances have been received.

A. W. Greenfield, general agent General American Life and vice-president of the club, was designated to handle the publicity for the convention.

President Waddell and Mr. Jones were designated official delegates from the Detroit association to the mid-year meeting of the National association in Kansas City next week.

Denver A. & H. Association Has First Sales Congress

DENVER—More than 200 attended the first annual sales congress of the Denver Association of Accident & Health Underwriters.

Eight well-known accident insurance executives addressed the all-day conference and an equal number of state officials and Denver insurance leaders were honor guests at the luncheon.

Horace M. Simpson, Federal Life, president of the Denver association, was chairman of the congress with W. R. Eaton, former Colorado congressman, as toastmaster at the luncheon.

Commissioner Kavanaugh opened the congress with an address of welcome. Paul S. Jolley, Travelers, spoke on "Why Sell Accident Insurance" and James T. Homer of the Thomas F. Daly agency on "Highlights of Disability Insurance."

At the afternoon session, E. J. Udry, Commercial Casualty, vice-president of the Denver association, presided. Walter M. Jones, general agent Business Men's Assurance, Salt Lake City, was the featured speaker on "The Job Ahead for 1942." E. F. Gregory, past president of the association and head of the health and accident division of Security Life & Accident, spoke on "Why an Accident and Health Association," and George O'Shaughnessy, Security Life & Accident, on "As a Man Thinketh."

Guests and speakers at the luncheon were Lieut.-Gov. Vivian, Mr. Kavanaugh, Bank Commissioner Harl, Attorney-general Ireland, Clarence J. Daly, president Capitol Life; W. Lee Baldwin, president Security Life & Accident; G. P. Williams, president Denver Association of Life Underwriters; E. L. Metcalf, president Denver Life Agency Managers Association, and J. Stanley Edwards, Aetna Life, past president National Association of Life Underwriters.

Discuss A. & H. War Clause, Covering of Japanese

SAN FRANCISCO—The January meeting of the Accident & Health Insurance Managers Club of San Francisco was devoted quite largely to a discussion of the attitude the companies are taking relative to the war clause, particularly in reference to injuries sustained as a result of blackout, etc. While practically every

member attending commented on the attitude of his company, it appeared that with a very few exceptions no company is willing to come out and say what it will or will not cover in connection with the war risk. The general attitude seems to be that each individual claim presented will be considered on its own merit, as to whether the company is to assume liability or not.

There was also considerable discussion on the companies' attitude relative to Japanese risks. There does not seem to be any uniformity on this point. Some companies are cancelling off for all lines, others are continuing until expiration date and still others are continuing without any restriction.

It was announced that at the next meeting one of the executives of the Fireman's Fund group will talk on the current situation and is expected to clear up many of the questions brought up relative to the war clause.

Pittsburgh Association Will Hold Sales Congress

PITTSBURGH—A committee was appointed to lay plans for a sales congress some time prior to Accident & Health Week at the meeting of the Pittsburgh Association of Accident & Health Underwriters Monday. Charles H. Bokman, New Amsterdam Casualty, is chairman.

A. C. Feagan, manager of Inter-Ocean Casualty, described his experiences with Local 65, United Professional & Office Workers Union, which called a strike in his office. The strike lasted from Oct. 21 to Jan. 2, and the striking agents then returned to work under practically the same conditions as before.

I. F. Nutting, Service Review, secretary, read an appeal for funds and donations of blood from the Red Cross. Ross F. Roberts, Loyal Protective Life, president, said members will do all that they can to assist in winning the war. A collection was taken up for the "Buy a Bomber" campaign of the Pittsburgh "Sun-Telegraph."

H. W. Jamison, vice-president, proposed that copies of new by-laws being drafted to conform with those of the National association, be mailed to all members preparatory to a vote at a subsequent meeting.

Le Clair Twin City President

ST. PAUL—E. J. LeClair, of the North American Life & Casualty, is the 1942 president of the Twin City Accident & Health Club. Other officers elected at the annual meeting are Charles Kate, Mutual Benefit Health & Accident; V. E. McCollum, Massachusetts Protective, and Herbert Nelson, Travelers, vice-president; Harvey Thompson, Washington National, secretary, and Arne Brueheim, North American Life & Casualty, treasurer.

Packwood in Wichita

WICHITA—F. Glenn Packwood, Kansas City manager of Massachusetts Bonding and general convention chairman of the mid-year meeting of the National Association of Accident & Health Underwriters in Kansas City next week, spoke at the organization meeting of the new Wichita Association of Accident & Health Underwriters Monday.

Covers Civilians for War Acts

North American Accident has notified its policyholders that although they are not covered while engaged in military or naval service the policies do protect them as civilians (if otherwise covered by the policy), if injured as the result of an act of war, while they are within the continental limits of the United States.

Figure Should Be \$320,000,000

Through a typographical error, the estimate on 1941 accident and health volume presented by E. H. O'Connor, Prov-

ident Life & Accident, in an Atlanta address was given as \$32,000,000. It should, of course, have been \$320,000,000.

Time Advances Paddock

At the annual meeting of the Time of Milwaukee, R. L. Paddock, formerly agency assistant, was elected assistant secretary and a director to fill a vacancy on the board. All other officers were re-elected.

The premium volume for 1941 was \$642,895, an increase of 14.8 percent over the previous year. Losses were \$281,365.

Postal Life & Casualty of Kansas City has been licensed in Iowa.

Auto-Owners Decision

In the article on Page 19 of the Jan. 8 edition reporting the decision of the Michigan supreme court setting aside a damage award against Auto Owners of Lansing, which had been allowed by a Kalamazoo county jury, T. M. Alexander was not clearly identified. The person in question is Mrs. Alexander, who was in the underwriting department at the home office of Auto-Owners and who was sent to Kalamazoo temporarily, according to Auto-Owners, to service its policies and prevent any complaint arising regarding disclosure of expirations to a new agent.

COMPENSATION

Standard Acc. Wins Typhoid Fever Case

The Illinois supreme court this week held that contraction of typhoid fever by employees of contractors on the Illinois state hospital at Manteno was not a compensable injury. The action was brought against Standard Accident, which insured Permanent Construction Company of Chicago, the general contractor.

The Manteno outbreak was a public scandal when it occurred in 1939 and resulted in widespread newspaper publicity, and action against a number of officials. Inmates of the institution and residents of the city also contracted the disease, which was eventually proved to have been caused by pollution in the public water supply.

Not Part of Employment

It has been generally held that contraction of a disease such as typhoid fever is a compensable accident—not an occupational disease—where it arises out of the employment. Employees of a number of sub-contractors were also affected and several casualty companies made compensation settlements with them. Standard Accident, however, with about 20 claims, fought the issue and was finally sustained, after losing before the arbitrator, the industrial commission and in the circuit court. The holding of the supreme court was that the disease was contracted from the public water supply, not from any act of the contractor, and hence did not arise out of employment.

Two cases went up to the supreme court, one on stipulated facts and the other on the record. Peregrine & Brueggert, Chicago attorneys, represented Standard Accident. S. R. Hardwood is Chicago claims manager for the company.

Two New Michigan Bills

LANSING, MICH.—At the special Michigan legislative session Governor Van Wagoner has recommended that the compensation law be amended to eliminate the requirement of compensation insurance for volunteer firemen, such as would be recruited for auxiliary emergency

fire-fighting forces. A companion measure, however, requires that governmental units assume liability for such compensation up to a maximum amount of \$5,000 per individual.

Hold Emergency Firemen in Minn. Under Compensation

ST. PAUL — Hundreds of volunteer firemen serving with or without pay during the war emergency will come under the Minnesota compensation insurance act, Assistant Attorney-general Devitt has ruled. This will affect scores of Minnesota towns and villages which carry compensation coverage on their firemen.

"Our supreme court has held that paid volunteer firemen are entitled to the benefit of the workmen's compensation act," said Mr. Devitt. "In our opinion, the supreme court, if called upon to do so, would hold emergency volunteer firemen who serve without pay entitled to the benefits of the act and that their 'daily wage' for the purpose of fixing their compensation should be computed according to Sec. 4325, *supra*" (the usual going wage paid for similar services in municipalities where such services are performed by paid employees.)

New York Board Meets Jan. 29

NEW YORK—The annual meeting of the Compensation Insurance Rating Board of New York is to be held Jan. 29. The governing committee now consists of Fidelity & Casualty, Liberty Mutual, State Fund, Interboro Mutual Indemnity and Ocean Accident. The terms of the latter two expire this year.

Citrus Grove Workers Exempted

TALLAHASSEE, FLA.—Reversing a previous opinion, Attorney-general Watson declares that citrus grove workers are not included under the Florida compensation laws. A 1941 act specifically exempts agricultural farm labor, though it did not expressly exempt horticultural farm labor. In a former ruling Mr. Watson followed the theory that the exemption applied only to what is commonly called farm labor, but further study convinces him that the horticultural workers fall also into the exempted class.

Florida Code Meeting Postponed

TALLAHASSEE, FLA.—Final hearing on the proposed new safety code of the Florida workmen's compensation division, set for Jan. 15, has been postponed. R. P. Blake, senior safety engineer, U. S. Department of Labor, was unable to attend and there has been a change in procedure whereby a code for each industry will be prepared and discussed separately.

Agree on Mississippi Bill

JACKSON, MISS.—Labor factions in Mississippi, the only state in the union without a workman's compensation law, have agreed on a bill which also has the support of Governor Johnson. Efforts to enact such a law in the past have always met with defeat.

N. J. Labor Wants State Fund

NEWARK—The New Jersey Federation of Labor is demanding a workmen's compensation state fund; elimination of self-insurance by manufacturers, increase in benefits and appointment of a three-man board of review to hear appeals.

Evening Course at U. of Minn.

MINNEAPOLIS—An evening course in casualty insurance will open at the University of Minnesota, Feb. 9, in charge of L. C. McGee, Minneapolis manager of Aetna Casualty. It will cover accident and health, employer's liability, workmen's compensation, automobile, robbery and theft, plate glass and casualty lines. Classes will be held each Monday evening.

CHANGES IN CASUALTY FIELD

Kerrigan to N. Y.

for Hartford

Steam Boiler

Hartford Steam Boiler has appointed James P. Kerrigan manager of the New York department. He formerly was manager at Cincinnati. Edward M. Murray becomes Cincinnati department manager succeeding Mr. Kerrigan. Raymond B. Gaskins, formerly office manager at New York, has been appointed assistant manager there.

Mr. Kerrigan's appointment fills a vacancy caused by the recent transfer of Vice-president Curtiss C. Gardiner, formerly in charge at New York, to the home office at Hartford.

Varied Experience With Company

Mr. Kerrigan joined the company as an inspector at Philadelphia in 1913. In 1922 he was transferred to the home office as an adjuster and in 1927 he was made chief adjuster. When the company organized its Baltimore department in 1930, he was made manager and three years later was appointed as manager at Cincinnati.

Mr. Murray started with the company as a special agent at Atlanta in 1914, and after a period of army service on the Mexican border and in France, he was, in 1919, assigned as a special agent to St. Louis. Two years later he was made resident agent at Kansas City and in 1930 he was appointed assistant manager at St. Louis.

Mr. Gaskins joined the St. Louis office in 1904, and was transferred to New York in 1909. He has been office manager there since 1928.

Colvert Admitted to Agency Firm

Doyle Colvert, for 13 years with Campbell, Mallory & Throgmorton, general agents of Aetna Casualty in Little Rock, has been taken into the firm as a full partner with Gordon H. Campbell and Frank L. Mallory.

Mr. Colvert for five years has been manager of the bond and automobile departments in the agency. He is a native of Beardon, Ark., who started with the Little Rock office of Aetna Casualty in 1928. He has had experience in all departments and has taken special training work in the home office.

Represented Aetna 32 Years

Campbell, Mallory & Throgmorton has represented Aetna Casualty for 32 years. Omar Throgmorton died last November. Mr. Colvert fills the vacancy created by his death.

Gordon Campbell stated Mr. Colvert is thoroughly experienced in all phases of the work and has a splendid record.

The general agency will continue under the old title for the time being.

Konitzer American Casualty Manager

Andrew A. Konitzer was installed as Chicago manager of American Casualty Monday of this week, taking the place of Edward Morse who went to Manufacturers Casualty as manager. Leslie H. Erickson, assistant vice-president and superintendent of agencies from the home office, who has been in Chicago for the past two weeks, will remain in that city throughout this week to help Mr. Konitzer get started.

Mr. Konitzer has been assistant manager of the casualty department in the western office of Standard Surety & Casualty in Chicago. He was in that

position eight years. Previously he was in the casualty department of Fred S. James & Co. for 10 years. His first experience in the business was with America Fore, in the automobile department in Chicago.

The Chicago branch of American Casualty has jurisdiction of Indiana, Illinois and eastern Iowa, including Des Moines. For the past year American Casualty has been diversifying its business and it is carrying forward that program even more intensively now.

Globe Indemnity Names Johnson

Douglas Johnson has been appointed claims representative of Globe Indemnity in Atlanta, to succeed Edward S. Kelly, recently advanced to claims manager of Globe, Eagle and Royal Indemnity in the southern department. Mr. Johnson has been with the Spratlin, Harrington & Thomas agency in Atlanta, and will continue to have his headquarters at that office.

T. K. Mitchell to Boston

Aetna Casualty has transferred Thomas K. Mitchell from Minneapolis to Boston as superintendent of the compensation and liability department. He is a graduate of Beloit College, taught for a time in Tufts College and after training in Hartford went to Minneapolis about six years ago.

Lehrer & Madden General Agents

The Aetna Life group has appointed Lehrer & Madden of Boston and Wellesley as general agents for all lines except life. Leslie I. Madden has been with the companies in Boston 18 years and G. R. Lehrer 16 years. Mr. Madden was formerly president of the Association of Casualty Underwriters of Boston.

Keogh New Field Assistant

T. J. Keogh, Jr., has been appointed field assistant of Travelers in the casualty department at Worcester, Mass. He is a native of Worcester and a graduate of Holy Cross college, class of 1936, with the degree of Ph.B. Previously he was a salesman of the Reynolds Tobacco Company and for Worcester jewelry and clothing stores.

Meaker Joins Manufacturers

Ralph Meaker, who has been connected with American Casualty in Chicago for the past few months as casualty underwriter, has now joined Manufactur-

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Given Higher Post



O. J. PERKINS

NEW YORK—Oscar J. Perkins, for some years in charge of the New York metropolitan forgery department of United States Guarantee, has been made a member of the business development staff, handling all lines of fidelity, forgery and comprehensive bonds. Prior to his present connection he was for eight years in charge of the forgery department of National Surety and at one time had his headquarters in Chicago, going to New York in 1929.

turers Casualty in Chicago as chief casualty underwriter. He thus continues to be associated with Edward Morse, who was manager of American Casualty, and is now manager of Manufacturers Casualty there. Mr. Meaker has been in

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the business six years and has been in the service of the North America, Associated Agencies of Chicago and American Automobile, as well as American Casualty.

COMPANIES

Standard Accident 1941 Drive Over Top

Net writings of \$17,740,408 in 1941, an increase of close to \$3,000,000 over 1940, were recorded by Standard Accident in its 1941 campaign honoring President Charles C. Bowen. This was the largest business increase in the company's 58 years of operation.

The campaign ran for 12 months, all offices being given quotas and many conducting prize campaigns. Regional meetings were held at various points. President Bowen expressed his thanks to the field force in a special letter in which he noted the company's quota was exceeded and there were large increases in practically all lines written.

St. Paul-Mercury Premiums Higher by \$1,318,961

St. Paul-Mercury Indemnity in its new annual statement shows premiums during 1941 of \$8,684,194, an increase of \$1,318,961 as compared with 1940. Assets stand at \$16,669,879, increase \$2,378,559. Premium reserve was \$4,419,156, increase \$667,863. Loss reserve is \$4,298,489. Capital is \$1,000,000 and net surplus \$5,659,250 increase \$666,618. There was a net underwriting profit of \$665,656.

Iowa Mutuals Are Merged

Iowa department has approved the merger of Midland Mutual of Waterloo with Policyholders Mutual Casualty as of Dec. 31. Midland Mutual was organized in 1937 and wrote automobile insurance. Its 1940 premiums totaled \$59,360, with losses of \$27,402.

As of Dec. 31, 1940, it had net surplus of \$5,756. F. W. Tesmer was the secretary.

Policyholders Mutual in 1940 had premiums of \$131,414, losses \$65,405, expenses \$57,991. Net surplus was \$11,570.

Mich. Mutual Premiums Up 22%

Michigan Mutual Liability had premiums in 1941 of \$7,235,846, an increase of \$1,319,102, or 22.29 per cent. Compensation premiums amounted to \$3,803,246, a rise of \$866,376, or a 29.5 per cent. Automobile volume reached \$3,114,700, increase 15 per cent.

SURETY

Payment of Bond Premiums Is Issue in Omaha

OMAHA—A court test may develop here to determine whether premiums for bonds of county employees must be paid by the individual or whether the cost should be borne by the county board.

The last legislature enacted a bill stating county boards "may" pay premiums on bonds of county officials and employees. Attorney-general Johnson ruled "may" meant "must." County Attorney English at Omaha ruled it was discretionary but added that the attorney-general's opinion must govern until the law is tested in court.

Of approximately 500 county employees, 307 last year were bonded for a total of \$1,031,500 with a premium of \$5,043, which was paid by the individ-

ual officials and employees, with the exception of the county treasurer.

Some objections were raised by members of the county board that it is not necessary to bond all of the employees. Chairman Edward Jelan instructed the officials to have their employees pay their own premiums, then submit individual claims for payment by the board.

Outline Educational Meetings

DETROIT—E. W. Miller, Jr., Globe Indemnity, chairman of the surety section of the Michigan B. D. O. committee, outlined plans for a series of meetings with agents in various sections of the state under the joint auspices of that committee, Michigan Fire Underwriters Association, Surety Association of Michigan and Michigan Association of Insurance Agents, before the Surety Association's January meeting.

Kuhn Is Cleveland Leader

The Surety Association of Cleveland will meet Jan. 19. Carl H. Kuhn, Fidelity & Deposit, will lead a discussion on the new comprehensive dishonesty policy.

The Surety Association of Pittsburgh has donated \$100 to the Red Cross. The funds were saved by canceling the Christmas party.

ASSOCIATIONS

Over 300 Attend Atlanta Claim Group's Banquet

ATLANTA—L. E. Williams, American Mutual Liability, the new president, and his fellow officers were installed at the annual banquet of the Atlanta Association of Claim Men attended by 320.

John M. Slaton, former Georgia governor, was toastmaster. James A. Simpson, Birmingham, Alabama state senator and insurance attorney, was the principal speaker. He declared that the insurance business and the legal profession must strive to fulfill and justify their natural advocacy of the right of all citizens to pursue free enterprise.

Ben Huiett, labor commissioner of Georgia, made a brief plea for the cooperation of labor, capital, and the professions, in the hour of the country's crisis.

A review of the association's history was given by Ed S. Kelly, chairman banquet committee. Out-of-town membership has reached 125, which puts it about level with the city membership. Mr. Kelly presented to C. L. Daughtry, Hartford Accident, the retiring president a gift in recognition of his service.

Ivey Jewell, St. Petersburg, Fla., president Tri-County Claim Men's Association, embracing the Tampa Bay area, was a special guest. He thanked the Atlanta leaders for the help they gave in getting the Florida group underway.

Commissioner Parker of Georgia; Attorney-general Arnall; Grover Middlebrooks, president Georgia Bar Association; Howard Quin, president Tennessee Bar Association; F. O. Cox, manager Atlanta office Association of Casualty & Surety Executives; Claude Patterson, manager Automobile Underwriters Detective Bureau, and Lon Sullivan, manager Georgia Association of Insurance Agents, were among the guests.

Bowen Elected President of Arkansas Adjusters

Al. T. Bowen, claims superintendent of the Employers group, was elected president of the Arkansas Adjusters Association. He succeeds Wayne Upton, retiring president.

Other new officers are: First vice-president, James Chambers, El Dorado, Fire Companies Adjustment Bureau; second vice-president, J. L. Byers, St.

Paul-Mercury Indemnity; secretary-treasurer, Nelson Powers, General Exchange.

The nominating committee was composed of L. A. Gouldman, independent adjuster, Little Rock; John McCarroll, Travelers, and Lee Allen, Fidelity & Casualty.

A committee headed by Mr. Gouldman was appointed to consult with the local Federal Bureau of Investigation agent to attempt to evolve some plan whereby all adjusters in the state could cooperate with F. B. I. in connection with civilian defense and other matters connected with the national emergency.

Wade Fetzer, Jr. to Address Chicago Underwriters Group

Wade Fetzer, Jr., vice-president of the W. A. Alexander & Co. agency of Chicago, will be the speaker at the luncheon meeting of the Casualty Underwriters Association of Chicago at the Hotel LaSalle, Jan. 27. "The Insurance Educational Movement" will be his topic. Mr. Fetzer has given a great deal of study to insurance educational questions and he makes a very intelligent and stimulating talk.

Doctor Talks in Milwaukee

MILWAUKEE—The importance of thorough examination of the head when symptoms indicate the possibility of a skull fracture resulting from an accident was stressed at the meeting of the Casualty Adjusters Association of Wisconsin by Dr. W. E. Grove, eye, ear, nose and throat specialist.

He also presented a proposed method of determining the degree of hearing following an injury which is alleged to have caused loss of hearing. Heretofore no scale or other guide has been available to determine the extent of such damage. The American Medical Association at the annual meeting at Atlantic City next June will consider this proposal, Dr. Grove said.

Install Los Angeles Officers

LOS ANGELES—New officers, headed by Otto Kloppenburg, Hartford Accident, as president were installed at the annual banquet of the Accident & Health Managers Club of Los Angeles. More than 50 members of the club and their wives were in attendance, with Walter E. Mast, Continental Assurance, as master of ceremonies.

President Kloppenburg cited the tremendous increase in employment as giving the agent especial opportunity to have the public become acquainted with settlements under accident-health policies. He said the amount of work put forth along this line will determine to a large degree the progress of the business. He announced his committee appointments.

F. B. Aldredge, Occidental Life, retiring president, was presented a traveling bag in appreciation of his work the past year.

Lebo Indianapolis Speaker

INDIANAPOLIS—C. E. Lebo, liability underwriter of Aetna Casualty, addressed a representative gathering of Indianapolis local agents and clerks on "Products Liability and Property Damage" in an open forum meeting sponsored by the Indiana Association of Casualty & Surety Managers. A monthly series of such talks is being sponsored by the association.

Comprehensive Form Seattle Topic

Robert P. Cunningham of the George W. Rourke agency spoke on the comprehensive liability policy at the January luncheon meeting of the Seattle Casualty Adjusters Association.

Hears Talk on Lung Diseases

Dr. Frank P. Miller spoke at the January meeting of the Life & Accident Claims Association of Los Angeles on "Disease of the Lungs and Poison Gases."

PERSONALS

Francis DeWitt, northern California manager of Associated Indemnity, and Elmer Johnson, engineer in the automobile department of the Hartford Accident, have been elected vice-chairmen of the safety and transportation committee of the San Francisco junior chamber of commerce.

George W. Kemper, superintendent accident and health department of Fireman's Fund Indemnity at the home office in San Francisco is attending the mid-year meeting of the Health & Accident Underwriters Conference in Chicago and will speak at the mid-year meeting of the National Association of Accident & Health Underwriters in Kansas City next week. En route back to San Francisco Mr. Kemper will visit Salt Lake City and Denver to meet with accident and health men.

Arthur C. Bohem, treasurer of Preferred Accident, was in Chicago for several days last week conferring with Walter C. Clanan, manager of the middle western department.

Carl Kirk, assistant U. S. manager of Zurich, and Mrs. Kirk announce the birth of a son, John Carl Kirk, at Evanston, Ill., hospital. This is the third child in the Kirk household, the others being daughters.

C. F. Duffey, Oklahoma state agent of Fidelity & Deposit, who has been ill with pneumonia, is recovering and was expected to be able to return to his office this week.

E. Guy Sawyer of Tatman & Park, general agents of United States Fidelity & Guaranty, has been elected president of the Worcester (Mass.) Exchange Club.

C. Moriarty, former Des Moines manager of United States Fidelity & Guaranty, was a visitor there this week. He resigned recently to go to Alaska on airport construction work.

Wade Fetzer, president of the W. A. Alexander & Co. of Chicago, who had a severe attack of pneumonia at his home in Hinsdale, Ill., and had to use an oxygen tent part of the time, left last Saturday for Miami, Fla., where he will remain the rest of the winter.

When Charles H. Wait, now assistant cashier, was first employed by Travelers in Boston, he became the sixth member of its office force there, occupying quarters in a basement at the corner of State and Kilby streets. On Jan. 20 of this year, when Mr. Wait celebrated his 50th anniversary with Travelers, the Boston branch office comprised 275 persons and occupied nine floors at 147 Milk street. Mr. Wait was hired to do policy writing in long-hand. That was a red letter day both for him and for the Travelers office, which was installing its first telephone.

In the 50 years the Boston office of Travelers has moved three times. Mr. Wait remained a bachelor. Last year he bought his first automobile.

W. T. Grant, president of Business Men's Assurance, is in Washington this week in his capacity as president of the Kansas City Chamber of Commerce. He is seeking to induce the federal authorities, in connection with their decentralization plan, to cause some of the bureaus that are to be moved away from Washington, to be located in Kansas City.

On the 10th anniversary of his election as president of American Surety, a luncheon was given President A. F. Lafrentz, by officers, department heads,

A & H PREMIUMS

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and home office employees 35 years or more in the service. W. E. McKell, president of the New York Casualty and vice-president, American Surety Co., was toastmaster. Speakers were F. W. Lafrentz, chairman of the board; W. M. Tomlins, Jr., first vice-president, and John Pfeiffer, metropolitan branch. The guests presented Mr. Lafrentz a replica of the company's seal in token of their recognition of his executive achievements during his regime.

Harper Massie, who was transferred to Seattle last May by the Hartford Accident surety department, will be married Feb. 20 to Miss Betty Wright of Seattle.

E. W. Amos, superintendent of the accident and health department of California-Western States Life in the home office, was elected president of the Sacramento chapter of the Reserve Officers Association of the United States. A retired naval lieutenant, he has been active in reserve officers' organizations and in sponsoring Sea Scouts. He was installed at a dinner in Sacramento.

Lawrence Taylor, after several years experience in a number of casualty branch offices in Indianapolis, has returned to the Security Trust Company, as assistant manager under Manager E. W. Hoover.

DEATHS

Willis Dobbs, 68, for 46 years chief accountant of Industrial Life & Health at the home office in Atlanta, died there.

Edward W. Atkins, 56, of the head office of the Marine Office of America, died suddenly of a heart attack at home in Brooklyn. A native of Hartford, he was educated in the schools of that city and was on the stage. In 1913 he went with Travelers in Hartford and subsequently transferred to its New York office, where he was supervising underwriter of the casualty department. In 1930 Mr. Atkins joined the Marine Office of America at its head office in New York where he was been casualty underwriter.

Another Bad St. Louis Crash

ST. LOUIS—For the second time in less than two weeks a motorbus on the Tower Grove line of the St. Louis Public Service Company figured in a major accident when one of the busses collided with an automobile. Seven persons were injured.

A Tower Grove bus was burned early on Christmas Day after a collision with an automobile. Ten persons were fatally burned and 21 others injured.

Hartford Accident carries the liability and property damage insurance of the St. Louis Public Service Company under a blanket contract that went into effect Oct. 1.

Seattle Wins Safety Contest

SEATTLE—In an inter-city safety contest during October, November and December, Seattle defeated Portland and won the Arthur B. Langlie Trophy, thus retrieving the award which went to Portland a year ago, when that city had the best accident record.

In the current contest, Seattle had only 19 traffic fatalities during the "dark months" as against Portland's 24. A year ago Portland had 29 fatalities against Seattle's 34.

N. Y. Auto Law Poster

Standard Accident put out a two-color poster calling attention to New York's new auto law captioned "Final Warning." It contains brief details of the new Page-Angerson law. Extra copies are available to agents who may wish to give them to some of their larger assured for the education of their employees.

New Book on Statutes Touching Liability Cover

The Association of Casualty & Surety Executives will shortly have ready for distribution a new publication entitled "Statutes Affecting Liability Insurance," which will take the place of the book on "Miscellaneous Laws Affecting Automobile Liability and Liability Insurance."

The new publication will contain digests of state statutes relating to negligence actions and liability insurance coverage which most directly affect claims under liability insurance policies. The book will combine new material, including a statute of limitations table, with digests of laws which were published in the publication it is superseding. Following is a complete list of the subjects covered for all states:

Liability to Guests, Service of Process on Non-Resident Motorists, Vicarious Liability, Policy Requirements and Insurer's Liability, Lien for Medical Treatment, Survival of Actions, Actions for Wrongful Death, Settlement of Tort Claims and Actions, Venue of Tort Actions, Contributions Among Joint Tort Feasors.

The price of the book will not exceed \$1. Advance orders will be accepted if addressed to the legislation division of the association, 60 John street, New York.

Membership Drive in Pittsburgh

PITTSBURGH—Ross F. Roberts, Loyalty Protective Life, president of the Pittsburgh Accident & Health Insurance Association, has appointed a membership committee including A. C. Feagan, Inter-Ocean Casualty, chairman, and H. W. Jamison, Preferred Accident, to conduct a drive covering every insurance office in Pittsburgh writing accident and health business. Walter M. Levy, Monarch Life, was appointed program chairman, and Robert R. Dodson, General American, publicity chairman.

Wilmot Smith 30 Year Man

Wilmot M. Smith, vice-president of Aetna Casualty has observed his thirtieth anniversary with the organization. Connected with Aetna Indemnity and Royal Indemnity before joining Aetna Casualty on January 1, 1912 as superintendent of the fidelity and surety department at New York, he was elected a secretary of the company in 1924 and transferred to the home office. In 1926 he was elected vice-president. Mr. Smith is a member of the executive committee of the Surety Association of America and a director of the Tower Rating Bureau and the Bureau of Contract Information.

Discuss Doing Business with Aliens

LOS ANGELES—Discussion of doing business with Japanese and other alien nationals was one of the features of the meeting of the Casualty Insurance Association of Southern California.

President Paul J. Emme, Fidelity & Casualty, named a nominating committee headed by J. E. Josephs, Ocean Accident.

New Auto Endorsement in N. H.

CONCORD—Commissioner Rouillard has issued a new mandatory endorsement for automobile liability policies in New Hampshire. It is substantially similar to the one previously required, but incorporates considerable of the language of the new standard drive other cars provisions of the policies of the National Bureau of Casualty & Surety Underwriters and the American Mutual Alliance, adopted last fall.

What are you doing to keep in contact with your small bread and butter policyholders? The Insurance Buyers' Digest will do the job for you. Write The National Underwriter for sample copy.

McSweeney Named Providence Head

HARTFORD—W. M. McSweeney, who has been assistant casualty manager of Travelers in Chicago for 13 years, is being transferred to Providence, R. I., Feb. 2 as casualty manager. Mr. McSweeney is an exceptionally well posted man and has many friends in Chicago. He is somewhat familiar with his new territory, as he served as field assistant for Travelers in Providence in 1927.

W. M. McSweeney



A native of Springfield, Mass., Mr. McSweeney went with Travelers as field assistant in Duluth in 1923. His next move was to Providence; then he served at Syracuse, N. Y., for a year, and since then has been in Chicago.

Caminetti Extends Date for Filing Automobile Data

SAN FRANCISCO—Commissioner Caminetti has extended the date for filing of information on automobile insurance premiums, forms and rates to April 1. At a conference with the commissioner some companies pointed out that it would be impossible to submit the complete data by Feb. 1 as originally demanded.

In allowing the extension the commissioner said it was suggested by company representatives that the insurers be given an opportunity to determine for themselves whether unsound practices exist with respect to the writing of insurance covering motor vehicles and to arrive at an agreement which would eliminate such practices, if any. He added that the extension is granted with the proviso that the department will not consider any projected agreement offered to it for approval after March 1, and that in no event will an inchoate agreement be the basis of any further extension of time.

Stockholder Suit Is Brought

Maurice Miller, New York attorney, has filed a suit as stockholder in superior court of Hartford county against the directors of Travelers, Connecticut River Banking Company, Travelers Bank & Trust Co. and the companies themselves. He charges illegal loans and asks for dissolution of the two banks.

President L. E. Zacher of Travelers issued a statement to the effect that Miller owns a few shares of stock and that the material of his suit is taken from the printed reports of the Temporary National Economic Committee.

"It would be unnecessary," Mr. Zacher stated, "to magnify the importance of this lawsuit by commenting upon it except for the possibility that publicity concerning it might result, through misrepresentation, in some stockholders being disturbed because of lack of full information as to the real situation."

Merritt R. Laubenthaler, prominent Chicago broker, was named chairman of the Evanston, Ill., defense savings staff by State Administrator N. B. Collins of the Treasury department. Mr. Laubenthaler is president of the North End Men's Club and member of the board of the North Shore Association for the Crippled. He has been a broker for 20 years.

The best way to increase your casualty premiums is to read The Casualty Insuror. Subscription price only \$1.50 a year. 175 W. Jackson Blvd., Chicago.

Burglary Precaution Leaflet Series Prepared by A. D. T.

An instructive series of leaflets has been prepared by the American District Telegraph Company for distribution to its burglar alarm subscribers, suggesting ways and means that subscribers can employ in maintaining the high efficiency of their alarm systems.

A new leaflet is being prepared cautioning store owners to leave their premises in condition to comply with black-out regulations at night, unless someone will be present to take the necessary precautions in the event of an air raid warning. Although this recommendation is contrary to the customary suggestion that lighted premises discourage burglars attacks, there is evidence of mass psychology taking the form of show window smashings to extinguish lights left burning during periods of air raid warnings.

Court Holds Waiver Rules Inapplicable to Broker

The Illinois appellate court for the fourth district recently held that rules of waiver and estoppel did not apply in the case of an insurance broker as distinguished from an agent, H. S. Moser, Chicago attorney, pointed out in a recent talk. This was the case of City Transportation Co. vs. Bituminous Casualty.

Mr. Moser said that much of the recent litigation pertaining to agents and waiver revolves about the provisions in applications and policies which attempt to restrict the powers of agents or limit the rule that knowledge of the agent is to be imputed to the principal, or which attempt to make the insurance agent the agent of the insured.

Casualty Lectures in San Diego

SAN DIEGO, CAL.—The first lectures of 1942 for the San Diego Insurance Exchange in the series sponsored by the Southern California Fire Underwriters Association and Casualty & Surety Fieldmen's Association of the Pacific Southwest, were given by J. H. Chapman, Los Angeles manager of Associated Aviation Underwriters, and Harris Goodrich, United States Aviation Underwriters, on aviation insurance; C. W. Salter, Hartford Steam Boiler, on steam boiler insurance and J. R. McWilliams, Hartford Accident, on water damage insurance.

George Queens County Speaker

Harold M. George, supervisor of accident and health production for the New York branch of United States Fidelity & Guaranty, spoke at the meeting of the Queens County Brokers & Agents Association in Long Island City, Jan. 14. Sound motion pictures will be presented by John Hartney of the U. S. F. & G.'s engineering department.

William E. Lebby, Los Angeles accident and health general agent, spoke to the San Diego, Cal., Insurance Women's Association on "How, When and Where to Sell Different Forms and Policy Phraseology."

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Texas Agents Use Mexican Companies for Mexican Tourists

Otway Conard, head of the automobile department of the Standard Accident home office, in his talk at regional meetings and especially those in Texas, brought up the question of companies granting Mexican coverage. In Texas, especially near the Mexican border, agents usually have a Mexican company which they use in writing automobile personal injury and property damage or they send the application to some agency correspondent on the border line. Mr. Conard said that the Standard now is willing to endorse a policy granting full coverage in Mexico without additional charge inasmuch as the authorities there are more favorable. Heretofore, he said, the Standard did not feel it desirable to give this Mexican coverage. The Standard Accident has adjusters at Monterrey and Mexico City who speak English fluently.

At the meetings, however, most agents said that they preferred to use a Mexican company because the adjusters are greater in number and complications could be avoided by having a native institution. Mr. Conard said that the Standard Accident is indifferent and desires agents to follow the course that seems wisest. It would grant this coverage if anyone desired it.

Casualty Company May Write Auto Fire in Montana

Attorney-general Bonner of Montana has rendered an opinion that a casualty company in the state may write a combination automobile policy that includes fire coverage even though a fire insurance company in the state may not issue a combination that includes the third party coverages. A former attorney-general in 1937 had given an opinion that a casualty company could not issue an automobile contract covering the hazard of fire on the theory that if a fire insurance company may not write liability insurance, a casualty company authorized to write liability insurance may not write fire insurance.

Bonner traces the statutes and litigation in Montana to come to a different conclusion. He finds that the courts have recognized that in motor vehicle insurance, the fire coverage is merely an incidental part of a broader coverage and has held that companies writing fire insurance as a part of a specialized type of insurance contracts are not to be designated fire insurance companies. He cites an amendment of 1935 providing for the levy of a state fire marshal tax "on the direct fire premiums received for fire insurance policies and the fire portion of automobile insurance policies." The attorney-general concluded that the legislature used the wording that it did in recognition of the fact that combination policies are authorized under the laws and sought to tax only the fire insurance premium on automobile policies.

When the legislature prohibited fire insurance companies from writing liability insurance, if it had also wanted to prohibit casualty companies from writing fire insurance it would have expressly done so and by failure to do so, the logical inference is that it did not so intend, he said.

Air Raid Practice at Employers

BOSTON—The first practice air raid alarm to be sounded in any business establishment in the heart of Boston was staged by the local authorities the past week in the home office building of Employers Liability. When the alarm was sounded all employees in the 11-story building were carried to the sixth, seventh and eighth floors and lined up against the inner walls of the corridors on those floors. The 1,200 employees were rounded up in six minutes.

Auto Assignment Plan Up in Cal.

SAN FRANCISCO — Commissioner Caminetti announced a committee representing various classifications of companies to draft a plan for assigned automobile risks, after a meeting attended by company and organization officials Jan. 19. The committee is R. C. Mead, State Farm Mutual; B. G. Wills, Fireman's Fund; George Chalmers, California State Automobile Association; R. W. Chandler, Lumbermen's Mutual with S. L. Weinstock, department of insurance; Fred Williams, department of motor vehicles, and R. G. Moss, Association of Casualty & Surety Executives, ex-officio members.

The plan will include those involved under provisions of the California financial responsibility law and a group of truck operators, principally of Japanese origin and descent, whose insurance was cancelled last fall and who cannot comply with the California highway carriers act without insurance coverage. Drafters of the plan expected it to follow that in New York while incorporating some provisions of the plan in Washington state including provisions for commissions to originating agents.

N. Y. Bars Fronting for Unlicensed Insurers

NEW YORK—Superintendent Pink of New York is prohibiting casualty companies from acting as a "front" for unlicensed companies when policyholders of the latter need certificates of financial responsibility. Attorney-general Bennett recently held that an insurance policy which is the basis of the certificate can only be that of a company licensed in the state.

Mr. Pink's ruling is aimed at the type of arrangement between an admitted and a non-admitted carrier under which the licensed carrier would, in the event of a financial responsibility certificate being required, furnish the certificate and issue its own policy, reinsuring it 100 percent, except for a small service fee, with the unlicensed company.

These arrangements have never been popular with insurance departments, though no objection has usually been raised where it was merely an occasional accommodation, as where a financial responsibility certificate had to be furnished on behalf of a corporation with incidental operations in a state where its insurance company was not licensed. The New York department's attitude is that on a large scale it would be clearly an evasion of the New York rating law, since the only normal object would be to obtain cut-rate coverage from unregulated carriers.

Minn. Safety Council Elects

ST. PAUL—At the annual meeting of the Minnesota Safety Council, E. Ray Cory, Austin life agent, was elected vice-president, and Julius A. Schmahl, Modern Life, was elected treasurer.

Ward Senn, Minneapolis local agent, was elected on the executive committee. Reduced highway speed, stiffening of drivers' license regulations and rigid enforcement of all traffic laws were endorsed. Issuance of biennial licenses to drivers was a proposal suggested.

R. I. Casualty Course Limited

Due to the war emergency, the casualty insurance educational course of the Rhode Island Association of Insurance Agents will include classes only on Monday evenings instead of twice a week as originally planned. The opening session has been postponed to Jan. 26 at the Rhode Island College of Education. In view of the curtailed activity only the first half of the course will be given at this time and the second half will commence in the fall.

Have you seen the **Insurance Buyers' Digest?** Write The National Underwriter for sample copy.

Merit Rating Ban Lifted in Washington; Up to 20% Allowed

SEATTLE—The Washington department announces that it is now accepting merit rating filings on automobile bodily injury and property damage coverages. Several companies have filed plans calling for reductions as high as 20 percent, including National Automobile, Indemnity of North America and Connecticut Indemnity.

Commissioner Sullivan advised the Washington Insurance Examining Bureau that restrictions on the merit rating filings of companies using this method of rating are withdrawn and merit rating is applicable to both new and renewal business in both "A" and "B" classifications.

National Automobile and Indemnity of North America plans are the same, applying to both "A" and "B" risks. New policies are written at manual. Where no losses have been incurred the first year, a 10 percent reduction is allowed on renewal. The second renewal is written at a 15 percent reduction and subsequent renewals take a 20 percent reduction if no claims are incurred.

Connecticut Indemnity's plan is also applicable to both "A" and "B" classifications. However, the first renewal credit for no claims is 15 percent and subsequent renewals are written at a 20 percent credit.

All base rates are the scale of increased rates filed by companies Dec. 15.

Fake Claim Rings in Two Cities Are Destroyed

Two more fake accident rings, one operating near Louisville and the other in the neighborhood of Birmingham, have been broken up through the efforts of the Claims Bureau, U. S. postal inspectors, and state authorities.

Announcement also is made of the conviction of Roy G. Perry, a former special investigator for the Alabama state patrol, on charges of bribery and false pretense in connection with the Henry county fraud ring, which was destroyed last year.

The Louisville ring, headed by an apparently reputable attorney, Martin L. Mayland, Jr., for some years had victimized property owners whose premises seemed to offer opportunity to stage fake accidents. This gang was responsible for at least 65 false claims. Eight professional stooges were used. The leading performer turned out to be Joe Korb, whose record of false witness, fake injuries and fraudulent claims has filled the police blotters of many southern cities in the past 25 years. Thirty years of actual and suspended prison sentences were imposed on the six principal members of the ring and disbarment proceedings are pending against Mayland.

The operations of the Birmingham ring were concerned with fraudulent automobile accidents. Thirty different members of this ring have been identified. Harry B. Trammel, a brick mason, and Stell B. Reeves, a garage owner, were the leaders. Sentences aggregating over 12 years have been imposed on five of these men and other sentences are pending.

Perry, originally connected with the investigation of the Henry county fraud ring as a special investigator of the Alabama State Patrol, has used his official position illegally. He sold his alleged influence to certain of the defendants under the pretense that he could save them from prosecution.

Beneficial Quits Auto Line

LOS ANGELES—Beneficial Casualty of Los Angeles, which has been writing both automobile and accident and health, now is closing out its automobile business.

Am. Auto Holds Valuable Parley

ST. LOUIS—American Automobile last week held its annual meeting of home office and field executives. Vice-presidents and managers from 19 branch offices, including the Canadian managers, were on hand with department supervisors and home office principals, giving a total of more than 70 staff members in attendance.

Coming close on the end of the company's thirtieth year of operations, which anniversary coincided with the official announcement of American Auto's entry into the multiple line field, the business sessions were devoted largely to the future development plans for this department.

At the first session, greetings were extended President O. L. Schleyer, who also made a brief announcement of indicated operating results for the year. Executive Vice-president Otto Patterson gave a broad outline of company plans for 1942 and spoke with confidence on the outlook for satisfactory results during the year.

The liability department panel discussions were conducted by Vice-president Harry Lees and Superintendent Malcolm R. Smith. The field production phase of the program for this department was exploited by Ray J. Beech, newly appointed superintendent of production. Mr. Beech joined the company last year in Seattle and was transferred to St. Louis in November in preparation of his new home office assignment. He has had wide experience with the comprehensive liability movement since its origin on the Pacific Coast several years ago.

The second business session, also conducted on the panel discussion plan, was given over to automobile department affairs. Principal speakers for this forum were Vice-president Wm. F. Blankmann and Superintendent E. F. Gieck.

The annual banquet was held at the Racquet Club. Herbert Begg and Harold Kearns of Shaw & Begg, Canadian managers, highlighted the speaking program. There was a presentation ceremony honoring President Schleyer, who joined the organization Feb. 14, 1912. A large parchment scroll, inscribed and containing the signatures of staff members, accompanied the presentation of a handsome clock and meteorological instrument set.

Gulledge Testimonial Dinner

A testimonial dinner was given at Dallas by Edward T. Harrison, president, and officers and department heads of Trinity Universal honoring Hal A. Gulledge, who is leaving that company to become associated with the T. A. Manning general agency of Dallas. Mr. Gulledge has been with Trinity Universal more than 15 years, which dates back almost to the organization of the company. His progress with the company and his rise to a place of prominence in the casualty insurance business in the southwest has been outstanding.

Until his resignation a few days ago, he was an active vice president and a director of Trinity. Mr. Gulledge was presented a gift by the 60 members of the organization present.

More of Mo. Claim Ring Sentenced

HANNIBAL, MO.—Two more members of fake accident claim ring here pleaded guilty in federal court. C. H. Ledford, Green castle, Mo., garage owner, was sentenced to six months in jail and then placed on probation for one year, while George McBee, janitor in a business school at Chillicothe, Mo., was sentenced to 30 days in jail.

So far 51 of the 80 defendants named as members of the ring have pleaded guilty. Sentencing of 32 was postponed to May 29. A lone defendant who pleaded "not guilty" will go to trial May 26.

POINTERS FOR LOCAL AGENTS

Accident Insurance Should Be Fitted to Prospect's Needs

A wide awake, intelligent agent today is more than a salesman; he is an adviser or counsellor, who is expected to cover his clients' insurance needs along all lines, and he is leaving himself open to criticism if he fails to protect them against the greatest possibility of loss—accidental injury.

That was the message which J. H. Garneau, home office representative of Hartford Accident, gave the casualty and surety meetings conducted by the Texas Association of Insurance Agents in Dallas and Houston, in his talk on "What accident insurance means to the multiple line agent."

Amplifying the idea of giving proper service to clients, he stressed the necessity of selecting the particular coverage which best fits a prospect's needs. In that connection he advised that the agent consider these points:

"1. Is a large death benefit necessary or does your prospect carry a sufficient amount of life insurance? If you do not know, quote a small death benefit. Sales resistance is lowered through a smaller premium, and it is always easier to let the prospect increase the death benefit and premium by his own choice.

Amount of Weekly Indemnity

"2. What amount of weekly indemnity should be quoted, keeping in mind that not more than 90 percent of earned income may be insured? Your company's limit of weekly indemnity should also be considered here. It is just as bad to try and sell a man \$100 weekly indemnity when you know the cost is out of line considering his circumstances, as to try and sell a man making \$10,000 per year \$25 weekly indemnity.

"3. What amount of blanket medical expense should be proposed, taking into consideration the insured's financial status and position in the business world? Doctors base the size of their fees on a person's ability to pay. If your prospect is in a position to pay large bills, he is also in a position to demand the best in hospital accommodations and nursing care, and a sufficient amount of medical expense should be proposed to cover such costs."

Advise Against Technical Terms

The initial explanation of the basic coverages of the policy selected should not take over two minutes, he said. He advised against using such terms as "principal sum" and "medical reimbursement," using instead "the amount payable for accidental death" and "the cost of all hospital, doctor and nurses bills."

"Always remember that the ordinary prospect knows as much about an insurance policy as we know about a Chinese laundry check," he said. "For that reason, don't try to go into the technicalities of the policy. Doing this only confuses your prospect."

Plant Three Things in Mind

"Try to plant three simple things in your prospect's mind: First of all, the amount of weekly income he is going to receive if he is disabled and cannot work; second, the maximum amount which he can spend for miscellaneous, doctors, hospital and nurses bills, and third, the large lump sum amount he is going to receive for major losses such as death or dismemberment. After doing this, you are in a position to amplify with

selling ideas each of the three coverages you have stressed."

The frequency of losses in this line offers the agent a better chance to be on the "putting" end rather than the "taking" end as is the case of many other major lines.

Claim Frequency Is Asset

"To some agents," Mr. Garneau said, "this frequency of claim is advanced as an argument against the business, but this is not so with the really smart producer. Believe it or not, people become thoroughly tired of paying insurance premiums. You may be the best friend in the world to your clients, but occasionally you are a pain in the neck because your presence means digging up money for an intangible something, the benefits of which are sometimes hard to see and remember. Accident insurance allows you to reverse the procedure, to let the client do a little collecting. The money you pay to your client is his money and goes into his pocket. While he may spend it immediately to pay his bills, he at least has the kick of paying it out himself and not merely endorsing the draft so some mortgagee can take it all."

Canned Closing "the Bunk"

In regard to the best way to close a sale, Mr. Garneau expressed the belief that all these canned closing sales arguments are "the bunk." What works on one prospect does not work on another. He suggested, however, that the entire interview be kept on an assumptive and affirmative tone. If this is done, and at the psychological moment the agent asks: "Do you think \$50 weekly indemnity is sufficient?" it could be answered only in an affirmative if the prospect thinks so, and even if the answer is negative, it is merely an indication that a large amount is desired.

Mr. Garneau cautioned against overlooking the wives and children of prospects or insured, particularly in view of the wider coverage which is now available for members of the family.

Sales Opportunities Stressed at Regional

Standard Accident held a regional meeting for 100 agents in San Antonio, Tex., with Coleman & Co. as the host agency.

Henry Huntington, director of public relations, stated that a series of meetings is being held to educate agents so that they might better answer the questions of buyers.

Otway Conard, assistant secretary, stressed the value of the comprehensive automobile liability policy which offers the assured complete protection for himself and guest riders. Coverage includes the chauffeur or automobiles hired for or by the chauffeur. The policy protects the business man who has to hire a truck to replace one which is out of use while being repaired.

Mr. Conard emphasized the point of more liberal consideration of the assured through the changing of the time limit set for a report on automobile damage or other liability claims from 10 to 30 days.

The removal of the age limit exclusion is considered a bad practice by some,

Mr. Conard said. However, in each case where the age of the driver is an important factor, this will be given special consideration so that any element of illegal driving may be given full weight in settling a claim. The coverage is offered to take care of need for driving of a younger member of the family in time of emergency.

Referring to the required declaration with regard to the use of a car where garaged, Mr. Conard said that this information usually indicates the principal use of a car.

Insurance on cars of men drafted into the army has resulted in heavy losses, Mr. Conard stated. He indicated that the trouble results from drivers other than the owner.

In stressing the need for extension of fidelity coverage, Rankin Martin pointed to the increased premium income in 1941. However, too much of the fidelity bond business on the books is business which has been bought not sold, which results in selection against the company. Mr. Martin urged the sale of blanket fidelity coverage. If agents will go out and sell fidelity to those needing it, both the company and the agent will profit from such business.

Situation Now Changing

Although in the past many employers have been unwilling to place their employees under fidelity bonds, this situation is now changing. The market for fidelity bonds lies among the clients of the agents. If agents do not sell their assured fidelity bonds others will. The argument that employers have only trusted employees is strong evidence that these employers should carry fidelity coverage on their employees, as heaviest losses are those caused by trusted employees. An excellent system of records is no guarantee of freedom of losses from trusted employees. Mr. Martin pointed out, citing how in an audit of the McKesson-Robins Company, auditors failed to uncover false inventories. Many losses are discovered by accident and not through the efforts of an auditor.

Records show that the average period of service of those responsible for losses is 10 years. The average loss is concealed three years and one month.

L. K. Kirk, treasurer, spoke of the problems of financial management. The idea that prevailed at one time, that an insurance company did not need to make money on underwriting but could make money on investments, got some companies into trouble. Funds paid as premiums Mr. Kirk described as trust money sacred to the assured. In discussing investment problems Mr. Kirk told of the necessity for a company to have assets which are either liquid or may be made liquid in the shortest time possible so that company can be prepared to meet its obligations at all times.

Henry J. Huntington stressed the importance of answering in detail all questions on accident and health applications. The agent should know his policy thoroughly before offering it for sale.

E. A. Warnica, assistant secretary, explained the new comprehensive liability policy and its sales appeals and advantages in meeting competition.

Des Moines National Guard Cover

DES MOINES—The city council approved purchase of \$240,000 fire insurance on the new national guard hangar with premiums of \$4,454 for a five-year contract. The insurance will be written by Sun Underwriters and Eagle Fire of New York.

How to Handle Cover for Defense Contractors

E. Dana Johnson, general agent of Jacksonville, Fla., is the author of an article in the January edition of the "Florida Insur-Agent," giving suggestions on handling the insurance requirements of processors, manufacturers and builders, who have defense material contracts. He points out that practically every government contract requires a processor, manufacturer or builder to provide insurance on the materials to be produced. Usually these provide insurance against fire, wind, sprinkler leakage, automobile and aircraft damage, explosion and transportation or delivery perils with a loss payable clause to the U. S. government.

Mr. Johnson states if the contractor is performing the work in addition to the normal production then additional insurance is required on the material under contract and should be purchased separately. Should the contractor diminish his normal production so as to perform a defense contract, separate insurance on the latter should be provided and the insurance on the normally produced goods reduced. If the contractor excludes all other production and is only working on defense orders then of course insurance thereon only is required.

Broad Cover Is Needed

Most contractors have a reasonable amount of insurance in force under normal circumstances. However, frequently the insurance is not as broad as that required by the government. Even if there is an adequate amount of insurance and the coverage is broad enough, the government wants the original or certified copies of the policies on the government orders. It is advisable for the contractor under any circumstances to furnish the government with separate policies on the defense materials under contract. Usually a fire policy with extended coverage can be furnished along with a separate transportation floater, to the satisfaction of the government.

However, according to Mr. Johnson, it is usually advisable to consolidate the location and transportation insurance into one policy and this can be done through the inland marine department. This provides one policy, short term coverage, more flexible insuring conditions and is convenient to agent and assured. This recommendation, he points out, does not take into consideration builder's risk insurance on hulls or vessels.

Opportunity Seen in Commercial Fleets

When the Page-Anderson financial responsibility automobile law in New York went into effect Jan. 1, and insurance men began calling the roll it was surprising to see the number of small fleets that carried no insurance. They evidently had just taken chances. Some agents were astounded at the character of the owners of these commercial cars that had simply passed up liability and property damage. This goes to show that in other states the situation may be much the same. That is, there are a number of commercial fleets that do not carry personal liability and property damage. There is undoubtedly a rich field for salesmen in this direction.

War Time Marine Surcharges Higher

NEW YORK—Marine underwriters have reduced war risk rates from 2½ percent to 1½ percent on voyages between Pacific U. S. and Canadian ports and the Hawaiian Islands. For Atlantic ports the rate remains at 2½ percent. Rates between Pacific ports and southeastern Alaska, not beyond Cape Spencer, have been cut from 1½ percent to three-quarters of 1 percent. For other points in Alaska, including the Aleutian Islands, the rate remains at 1½ percent.

Additional Surcharge Rates

Because of increased hazards due to operating under war conditions, marine underwriters have announced that they will apply additional premium surcharge rates on shipments made on and after Feb. 15. This is in connection with the regular marine coverage and is entirely separate from war risk insurance. Need for the surcharge arises out of such causes as running without lights or aids to navigation. So far it has been applied only on voyages to or through definite combat zones, like the United Kingdom, Red Sea and Mediterranean. Combat zones are no longer localized and the increased navigation hazard due to war conditions exists almost everywhere except on local voyages in the Western hemisphere.

Great Lakes Not Affected

The surcharges will not apply on U. S. or Canadian coastwise voyages confined to the Great Lakes. The surcharge will be one-half of 1 percent on shipments to or from, calling at or trans-shipped at, ports in the United Kingdom, Irish Free State and Continental Europe, the Azores, Madeira, Canary and Cape Verde Islands, Greenland and Iceland. Ports in the Mediterranean, Black Sea, Red Sea, Baltic Sea, Gulf of Aden and Persian Gulf also take this rate, as do ports in French Morocco north of and including Casablanca, ports in Spanish Morocco, Gibraltar, Petsamo, Murmansk and Archangel. The surcharge will be one-eighth of 1 percent for voyages confined to the western hemisphere, including North, Central, and South America, Mexico, West Indies, Bermuda, Bahamas, Newfoundland and Hawaiian Islands as well as inter-coastal voyages. In the case of voyages not covered by the foregoing lists the rate will be one-quarter of 1 percent.

Peterson Western Manager of Home

NEW YORK—Vice-president Leonard Peterson has been placed in charge of the western division of Home. While continuing his interest in the affairs in that territory, Vice-president Ivan Escott is being relieved of his active management, due to his assumption of work heretofore handled by President H. V. Smith. Mr. Peterson's connection with Home dates from 1920, when he became special agent in its improved risk department at Chicago. In 1927 he was called to the head office, and in 1939 was made underwriter for the western department. His appointment as assistant secretary took place in 1934, as secretary a year later and as vice-president just a few weeks ago.

Associated Had Cover on Plane in Las Vegas Crash

The TWA plane which crashed near Las Vegas, killing actress Carole Lombard and 21 others, was insured for passenger liability and workmen's compensation by Associated Aviation Un-

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derwriters. Hull coverage was not carried.

Wichita Organization Completed

The Wichita Health & Accident Underwriters completed its formal organization with Bert A. Hedges, Business Mens Assurance, president; Bert Clifton, United Benefit Life, vice-president and Eli Bonous, Dulaney, Johnston & Priest, secretary.

The executive board includes Joe E. Moddrell, Travelers, chairman; Allen R. Larkin, Van Arsdale & Larkin; C. M. Andrews, Monarch Investment Co.; Levi B. Rymp, Actna, and L. H. Kaufman, Illinois Bankers. National representative is Mr. Moddrell with Bert Clifton as alternate. At least 15 will attend the

Kansas City mid-year meeting next week. The constitution and by-laws recommended by the National association were adopted and regular meetings are to be held quarterly. Mr. Hedges had served as temporary president during the organization period.

Join Sheffer-Cunningham

WICHITA—Lloyd Gates and D. V. Agee have joined Sheffer-Cunningham Adjusters of Wichita. Mr. Gates was formerly in charge of the claims office of Maryland Casualty in Kansas City and Wichita. Previously he was with the claim department of Phoenix Indemnity in New York.

Mr. Agee was assistant to the branch claims manager of General Exchange at

Kansas City and Wichita for 13 years. April this year marks the 10th anniversary of the Sheffer-Cunningham organization. The company now has a staff of 11 adjusters. The company has handled more than 50,000 claims.

Home's Field Changes in West

C. B. Herschberger, Jr., special agent for Home in Cook county, Ill., is being transferred to Milwaukee as special agent under State Agent C. H. Anderson. A graduate of the University of Wisconsin, Mr. Herschberger's connection with Home dates from 1938 prior to which he was employed by the Chicago Board. He will be succeeded as special agent in Cook county by R. W. Haugen. He has been chief clerk there.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Plan 14 Michigan B. D. Conferences

DETROIT—Fourteen meetings with Michigan agents have been arranged by the Business Development committee under Roger Billings, Detroit Fire & Marine, with the Michigan Fire Underwriters Association, Casualty & Surety Executives Association, Surety Association of Michigan and the Michigan Association of Insurance Agents cooperating.

The first meeting will be held in Flint Jan. 26, H. J. Beser, Hartford, Saginaw, as chairman. The same group will handle the second meeting in Saginaw on the following day.

The third meeting will be held in Ann Arbor on Feb. 5, with H. C. Pollock, Jackson, Commercial Union, in charge. Other gatherings are scheduled later in Port Huron, Benton Harbor, Traverse City, Lansing, Battle Creek, Kalamazoo, Houghton, Escanaba, Iron Mountain, Marquette, winding up in March in Detroit, with the Detroit Association of Insurance Agents cooperating.

The meetings will be of an entirely different nature this year. Sales points will be put over to the agents by means of a skit. An agent is supposed to have called in his field men to help him prepare a program for a fictitious corporation. The field men present their recommendations for the various lines.

The skit will require approximately 1½ hours to deliver and will be followed by an open forum discussion in which agents will be invited to ask for explanation of any points not clear to them.

Predict Michigan Department Will Restrict Part-timers

LANSING, MICH.—While there has been no definite statement as yet from Michigan department officials, predictions are being made that a plan designed to reduce the number of part-time licensees is being framed and will shortly be announced.

In a bulletin to members of the Michigan Association of Insurance Agents, Waldo O. Hildebrand, secretary-manager, states that the insurance department soon will issue a bulletin to all companies requesting careful consideration of all part-time licensees with a view to eliminating many of them at expiration. In cities of 15,000 population or over the department will ask that if the part-time licensee is not producing a reasonably constructive increase in volume, that the license be canceled and if canceled no other company or agent request for license will be granted. This opinion will extend to agency solicitor licenses as well and, in case of cancellation, the company or agent should notify the department, stating the reasons, for file record purposes.

Definite steps are also being taken to eliminate unauthorized acceptance of business by agents or solicitors who have limited licenses or by persons unlicensed in any manner.

Johnson Offers 3-Point Program for Farm Mutual's

ST. PAUL—A three-point program for the war emergency was suggested to Minnesota farm mutuals at their annual meeting here by Commissioner Johnson. He urged (1) a detailed inspection program, having in view the correction of all fire hazards on the farm; (2) an edu-

cational program through pamphlets and newspapers, with the view of bringing before the people the every-day hazards of fire; (3) enter into agreements with local fire departments for the protection of farm buildings.

"The elimination of fire hazards on the farm can add substantially to our victory drive," the commissioner declared. He said from 10 to 30 percent of suspicious fire investigations by his department have been in the rural areas and on risks covered by township mutuals.

J. D. Jones, Jr., general agent St. Paul Federal Land Bank, urged the farm companies to guard against accidental fires and to insist on prudent valuations on farm property. He said there is \$900,000,000 fire and windstorm insurance on farms in the four states in which the St. Paul bank has loans and that two-thirds of this insurance is in mutuals.

The possibilities of farm companies writing automobile and casualty insurance was discussed by Sam R. Boyle.

E. J. Devitt, assistant attorney-general in charge of insurance matters, also was another speaker.

George E. Muller, Madelia, was elected president; Oscar Swenson, St. Peter, vice-president; A. E. Anderson, Cottonwood, reelected secretary, and F. P. Powers, More, reelected treasurer.

Indianapolis Women Elect Jan. 27

Organization of the Indianapolis Association of Insurance Women will be completed at a meeting following a dinner Jan. 27. The committee on constitution and by-laws will report and a nominating committee will be appointed. The meeting is called by the temporary chairman, Miss Elizabeth Augustus, secretary to Ross E. Coffin, Boston, Old Colony and Eagle Star. Members of the committee on constitution and by-laws are Mrs. Lorene Biehl, Hadley & Mahoney; Miss Florence Kirch, Home; Miss Julia Becherer, Gregory & Appel; Miss Evelyn Calloway, American States; Miss Jessie Beyers, Travelers, and Miss Winifred Richardson, Pilgrim & Frauman. The association is expected to have at least 100 charter members. Questionnaires will be distributed as to subjects members would like to have presented, with information as to prospective new members, clerical and other positions represented, etc. All women clerks in agencies, branch or home offices of stock companies are eligible for membership.

Battle Creek Asks Rate Cut

BATTLE CREEK, MICH.—Battle Creek has belatedly joined the ranks of Michigan cities seeking an insurance rate reduction. Fire Chief Cresier was authorized by the city commission to investigate possibility of obtaining a slash in the basic rate on the strength of recent additions to fire-fighting equipment.

It is considered improbable that the city, now in Class 3, has any chance of gaining a reduction for dwelling risks, since the rate now paid is the same as that of Detroit, whose city officials have been strenuously seeking a dwelling rate reduction from the state rating commission. Some agents believe, however, that there is a possibility of reducing commercial and industrial property rates.

Hold Kansas Zone Rallies

Stock company agents of Great Bend, Kan., and surrounding towns held a zone meeting there with V. L. Durand, Hoisington, in charge. Reginald Brack

led a general discussion of timely insurance questions and William Studebaker of Topeka discussed the effects of the war on automobile insurance.

Mr. Brack was elected chairman, R. L. Budge, St. John, vice-chairman, and Miss Pat Spillman, Western Adjustment, Great Bend, secretary-treasurer. A question box feature was conducted by W. E. Gault, special agent United Firemen's, Wichita. The next meeting will be held March 10.

Agents of Cowley, Sumner and Harper counties organized at a gathering in Wellington, Kan., with R. D. Anderson, Arkansas City, president; James Jarvis, Winfield, secretary, and Annamarie Collette, Wellington, secretary-treasurer. Thirty-two agents and four field men attended. The next meeting was set for March 10 in Winfield. C. J. Wintrol, Royal, assisted President Anderson.

St. Louis Board Elects

ST. LOUIS—K. M. Hickey, Mercantile Insurance Agency, was elected president of the Insurance Board of St. Louis to succeed John J. O'Toole, F. D. Hirschberg & Co., together with the other officers and executive members on the slate published last week.

A minor amendment to the by-laws was adopted, cover in registration of all "brokers to whom commissions are paid by members, real estate agents, etc." This clarifies the status of brokers in their relationship to agents, distinguishing them from "employees."

The board's annual dinner-dance will be held Jan. 22, commemorating its 70th anniversary. Clark Clifford, attorney, will be toastmaster.

Will Continue Kansas School

The executive committee of the Kansas Association of Insurance Agents voted to continue the fire and casualty school at the University of Kansas in June, following a conference with H. J. Weltmer, Hiawatha, insurance school chairman, at a meeting in Topeka. The educational program was discussed with the Kansas Fire Underwriters Association, joint sponsor. E. A. Fikes, Home, chairman for the field men, appeared before the committee. All members were in attendance except Sam H. Reynolds of Kansas City, who was in the south visiting his son in the army.

Racine Groups Elect

RACINE, WIS.—At a joint dinner meeting of the Racine County Association of Insurance Agents and the Racine Board, the following new officers were installed: County group, Jack Rowlands, president; W. K. Porter, Burlington, vice-president; H. A. Schultz, secretary-treasurer, Racine Board, Matthew Keefe, president; Sidney Nelson, vice-president, and Mr. Schultz, secretary-treasurer.

The agents voted to offer their services in the national defense program. It was decided to show a special sound film, illustrating the action of incendiary bombs and sabotage and methods of combatting them, before clubs, schools and other organizations.

Cleveland Agent Loses License

Howard C. Williams of Cleveland has been found guilty of rebating and his license has been revoked by the Ohio department. He represented five companies. The licenses of two solicitors employed by him also have been revoked. The department says that after 30 days it will give consideration to new applications for licenses.

Hildebrand in Mt. Pleasant

MT. PLEASANT, MICH.—W. O. Hildebrand, secretary-manager of the Michigan Association of Insurance Agents and a member of the state defense council, addressed a joint meet-

Seek to Lessen Hazard in Duluth Harbor Area

ST. PAUL—Recognizing that the industrially important Duluth harbor and Minnesota iron ranges have inadequate fire protection, the state fire marshal's department is working out a program to correct the situation. Investigation by the department has revealed there are 100,000,000 gallons of gasoline stored in the Duluth harbor, not to mention other petroleum products in large quantities. Huge stocks of grain also are stored in the harbor and in addition it is the shipping point of 80 percent of all the iron ore used in the United States, vital material in the nation's war program.

The vulnerability of this area to fire and sabotage is causing the department considerable concern. The recent \$2,500,000 elevator fire at Superior, across the harbor from Duluth, has confirmed the anxiety of the Minnesota officials.

ing here of the Isabella county defense council and the Mt. Pleasant Association of Insurance Agents. He explained recent developments in the civilian defense program and advised ways in which they might make themselves of value in the war effort.

At a subsequent meeting of the agents organization board placement of public business was discussed. It is anticipated that the association will shortly line up considerable business on this plan.

M. S. Harlan Wichita Speaker

WICHITA—M. S. Harlan, casualty assistant manager of Travelers, Kansas City, spoke at the January meeting of the Wichita Association of Insurance Agents on "Insurance Promotion." L. B. Brown of Brown, Ginzel & Co. arranged the meeting. Wichita offices are reported to have distributed 7,000 "Standard Protection" automobile emblems to their assured, their use being urged as a probable means of discouraging tire theft from cars so marked.

Board Aids Civilian Defense

CLEVELAND—When a call was received for volunteer typists to get out instruction sheets and special correspondence, the Cleveland Insurance Board contacted its member agencies and compiled a list of volunteer typists from many offices. Many of the girls worked nights to help civilian defense. One or more agencies even permitted the girls to do this work in the daytime to handle a rush job. This volunteer work has been going on for about a month. The board has received a note of thanks from Mayor Lausche of Cleveland and Keith Wilson, executive director of civilian defense for the Cleveland metropolitan area.

R. R. Eddy in Muncie Agency

INDIANAPOLIS—R. R. Eddy, for the past three years special agent and engineer for Home in Indiana, has resigned to join the P. K. Morrison & Co. local agency at Muncie, as a member of the firm. Mr. Eddy is a graduate of the Armor Institute of Chicago and was with the Illinois Inspection Bureau before going with Home. Other members of the agency firm are E. J. Blue, A. G. Allen and B. W. Keys. It was established in 1895.

Cox Stresses War Needs

Guy M. Cox, president Michigan Association of Insurance Agents, told the Gogebic County association at a meeting in Ironwood that all non-essentials must be subordinated to the supreme

war effort. He urged the agents to help in civil defense, to do a better inspection job for policyholders, provide improved service and conserve resources. Agents can be alert for sabotage and subversive activities and can help in fire schools and drills in industrial plants and elsewhere. Mr. Cox is chairman of the county defense council and county advisory board for draft registrants.

Young Installed in Kenosha

KENOSHA, WIS.—About 40 members of the Kenosha Association of Insurance Agents attended the January meeting. New officers were installed. Frank L. Young has succeeded W. M. Bullamore as president; Henry R. McQuestion is vice-president, and John L. Hogan secretary-treasurer. Effects of the war on the fire and casualty business and on automobile underwriting particularly in view of tire and car rationing were discussed.

Jewson Elected in Wausau

WAUSAU, WIS.—George Jewson has been elected president of the Wausau Insurance Board, succeeding Hilmer Sollander who is now a vice-president of the Wisconsin Association of Insurance Agents. Bert Walters was named vice-president, and Miss Lillian Rohr secretary-treasurer. Walter Flieh was appointed general chairman of a local inspection Jan. 27 and 28 to be conducted by the Wisconsin State Fire Prevention Association. T. Alfred Fleming, National Board, will speak on "National Defense Through Fire Defense" at the banquet.

Plan Panel in Milwaukee

MILWAUKEE.—At the Milwaukee Board's monthly meeting it was decided to expand the board's fire prevention committee. At the February meeting, President Ralph Martin plans a "Stump the Experts" feature with a panel consisting of L. C. Hilgemann, Monroe Porth, Val Gottschalk and W. B. Calhoun. The quiz will be confined to questions sent in by members on war risk underwriting and correlated topics.

Thomas Fort Wayne President

Willard M. Thomas has been elected president of the Fort Wayne (Ind.) Association of Insurance Agents, succeeding Walter Lupke. Walter Kleeberg was elected vice-president, and Ray Kuhn, treasurer. Other members of the board are George W. Fisherling, Frank Lahmeyer, Richard T. Blitz, Mr. Lupke, Raymond Hawver and Kenneth Beard. Harry E. McLain, executive secretary of the Indiana Association of Insurance Agents, was principal speaker.

Hamilton, O., Board Elects

The Hamilton, (O.) Insurance Board at its annual meeting elected Leeds Bronson president and reelected E. J. Schmidt secretary-treasurer. It was announced that 96 percent of the members have registered for civilian defense training. Four members attended the civilian defense school conducted at Ohio State University and are acting as instructors in Hamilton.

Karl D. Dakin of Lebanon, president Ohio Association of Insurance Agents, is taking the course this week and will later conduct classes in civilian defense at Lebanon.

Strohm Defense Coordinator

DES MOINES—John W. Strohm, state fire marshal, has been appointed co-ordinator of the civilian defense fire protection program for the Iowa state defense council. He will be in charge of civilian fire defense work.

Mutuals Push Farm Fire Prevention

LANSING, MICH.—Farm fire prevention as a phase of wartime civilian defense is to be undertaken on a big scale through inspection facilities of the Michigan Association of Mutual Insur-

ance Companies, according to L. P. Dendel, secretary. A special meeting is to be held here Feb. 11 to discuss plans. The extension department of Michigan State College is being asked to assist in the campaign. The whole program is to be tied in with that of the state defense council.

Indianapolis Board Aids Defense

INDIANAPOLIS—The Indianapolis Insurance Board has invested all its reserve resources in defense bonds and the directors have pledged the membership to support civilian defense. President H. J. Hadley has appointed a committee for this purpose with L. G. Gordner as chairman. This committee will have charge of a civilian defense membership luncheon Jan. 23, to be addressed by heads of the local and state defense activities.

Buy Bomb Film in Minnesota

ST. PAUL—The Insurance Exchange of St. Paul has purchased the sound film showing how to handle explosive bombs and will make it available to the fire department and to air raid warden. It is understood the Minnesota Association of Insurance Agents also has bought the film for use where desired.

NEWS BRIEFS

The 1752 Club of Wisconsin held its annual meeting in Milwaukee and elected: G. E. Borst, Milwaukee, state agent Pawtucket Mutual Fire, president, to succeed Baird Detweiler, Janesville, special agent Citizens Mutual; L. R. MacDonald, Milwaukee, Cream City Mutual Fire, vice-president; Charles VanDeZante, Campbellsport, secretary Campbellsport Mutual, secretary-treasurer; Alvan Lott, Badger Mutual Fire, and Walter Meyer, Minnesota Farmers Mutual, members of executive committee for two and one years, respectively, serving under George H. Schmidt, Kewaskum Mutual, chairman.

The Muscatine (Ia.) Association of Insurance Agents will hold its annual meeting Feb. 19. It will sponsor inspection of Muscatine March 5-6 by the Iowa Fire Prevention Association.

George W. Harsh, vice-president of the Charles W. Sexton Co., has been elected president of the Minikahda Club, Minneapolis.

The Mutual Insurance Club of Columbus has elected James Stolzenbach, State

Auto, president; M. E. Foltz, Ohio Farm Bureau, vice-president, and W. A. Loar, Motorists Mutual, secretary-treasurer. Members of the Columbus police department presented pictures showing accidents which had occurred as the result of drinking by the driver.

Robert Burns of the Harris, Burns & Co. agency was named "realtor of the year" by the Wichita Real Estate Board.

Wichita Insurance Women will hold their bosses day luncheon Feb. 16.

Ruth Heidebrecht of the Wade Patton agency was named secretary of the Hutchinson (Kan.) Association of Insurance Women at the Jan. 14 meeting.

Hobart Brady of the Swope-Brady agency, Sedgwick county chapter chairman, is elated at the Wichita Red Cross drive exceeding its \$100,000 goal by nearly 25 percent.

Earl F. Woods of Wichita, Kansas state agent for the Morrison general agency of Omaha, has practically recovered from his attack of pneumonia and was able to spend a few hours at his office last week.

The Insurance Women's Club of Detroit is planning a card party in February. Proceeds will go to the American Red Cross. The announcement was made at the January dinner meeting at which 80 were present.

The Waupaca, Wis., city council has voted to send Mayor Erickson and a number of aldermen as a delegation to confer with officials of the Fire Insurance Rating Bureau in Milwaukee relative to what minimum requirements are necessary for the city to be restored to sixth class.

At the meeting Monday of the Cuyahoga County Board of Underwriters in Cleveland, Chas. J. McNamee, judge of Cuyahoga county common pleas court, gave an address on "Justice According to Law."

Frank E. Kirkpatrick, Columbus local agent, has been reelected president of the Franklin County Agricultural Society, which has charge of the Franklin County Fair.

Harold Flax has purchased the Fred Emery agency, London, O.

H. P. Young has acquired the interest of J. E. Anderson in the Anderson & Young agency, Columbus, O., and has organized the H. P. Young Mutual Insurance Agency. Mr. Anderson will remain with the agency.

The Harkness & Leed agency, Ashland, O., will be operated by Earl E. Leed, one of the partners, following the death of T. M. Harkness.

Peyton B. Bethel, executive secretary-treasurer.

In his annual report President Harison paid tribute to three board members who died the past year, C. T. Trueheart, Charles McFarren and C. S. Nahm, Sr. The board showed a gain in member agencies for the year. Fire insurance premiums for 1941 showed a substantial gain and losses were greatly reduced.

Members of the board now in the armed forces include Maj. W. R. Calvert, Jr., Maj. C. J. Cronan, Jr., W. T. Gaunt and Kenneth Reutlinger.

M. J. Hartson, Jr., New Head of New Orleans Exchange

NEW ORLEANS.—Maurice J. Hartson, Jr., was elected president of the New Orleans Insurance Exchange at its annual meeting, succeeding W. L. Ferguson. Mr. Hartson advanced from vice-president.

He heads his own agency and is a son of the late Maurice J. Hartson, one of the founders and first president of the exchange. In a close contest, J. Lynch, Robert M. J. Hartson, Jr., Gottschalk agency, was elected vice-president. Linden F. Braud continues as secretary and Auguste Coiron was reelected treasurer.

New members of the executive committee are: Edmond Schwartz, Marion Kessler and Robert J. Patterson.

In his annual address Retiring President Ferguson touched on the highlights of the past year, which was a busy one with the exchange. In appreciation of his administration, Mr. Ferguson was presented a radio and a president's plaque. As chairman of the finance committee, J. H. Bodenheimer reported the exchange in excellent financial condition.

Harold S. Mayer, president in 1923 and James E. Hassinger, president in 1931, both now in the general agency field, were presented gold life membership cards. High tribute was paid to them by Charles Gould.



South Carolina Executives Meet, Regionals Being Held

The executive committee of the South Carolina Association of Insurance Agents at its meeting pledged the services of its members in the war emergency. A resolution was adopted urging the protection of business of fellow members who serve in the armed forces. Regional meetings have been held at Chester and Anderson, with sessions scheduled Jan. 23 at Orangeburg; Jan. 29 at Charleston, and Jan. 30 at Florence.

Each meeting is in charge of a different executive committeeman with company men giving educational talks. A special skit on automobile liability features each meeting. Defense stamps are awarded for quiz prizes.

The South Carolina legislature is in session. Agents expect that the qualification bill, buried in the deluge last year, will be tabled again the next few days, but they will be ready to have it revived with high hopes of getting action.

To Show Fire Bomb Film

ATLANTA.—The Atlanta Association of Insurance Agents at a general meeting Jan. 22 will view the sound movie, "Fighting the Fire Bomb," produced under the sponsorship of the War Department for the Office of Civilian Defense. The Atlanta association has purchased a copy of the film, and will show it to the public every day for a week beginning Feb. 2. The film will then be turned over to the Georgia Association of Insurance Agents and that association will

IN THE SOUTHERN STATES

Extended Coverage Made Optional in New Louisiana Form

NEW ORLEANS—The Louisiana Rating & Fire Prevention Bureau has issued new dwelling and household furniture forms, which incorporate the extended coverage endorsement and unearned premium insurance as optional privileges. The insuring clauses of these two coverages appear on the first page of the form, with a provision that they do not apply unless a premium is shown in the proper space.

Extended coverage and unearned premium conditions are on the reverse page. The former coverage is the same as that used in Southeastern Underwriters Association states, including rental value insurance for dwellings up to 10 percent of the amount of insurance, with a limitation of 1/12 of the rental value coverage for each month of untenancy. The new war risk exclusion clause, recently adopted by the S.E.U.A. and by other major jurisdictional bodies, is used.

The unearned premium coverage includes the reducing amount clause. It

also provides that the policy shall not be reduced in the event of loss not in excess of 5 per cent, or a maximum of \$100 and accordingly that there shall be no recovery under the unearned premium coverage in the event of a loss which does not exceed this limit.

Important Innovation

This is the first time that the extended coverage endorsement has been incorporated into a standard form on a schedule basis. It will save agents the trouble of adding an additional endorsement to the fire policy and the same form can be used whether or not extended coverage is included. The mortgage clause is also set up so that showing the name of the mortgagor on the first page makes it apply, while the conditions are shown on the reverse page.

There are two forms, one for property in first and second class cities and the other applying to third and fourth class cities.

Louisville Board Elects All of Its Officers

LOUISVILLE—The Louisville Board at its annual meeting reelected all officers, including A. G. Harrison, president; W. I. Renna, vice-president, and

sponsor its showing in various Georgia cities. The film is highly approved by the fire prevention committee of the National Association of Insurance Agents and the National Board.

Schneider Opens New Agency

The Herman C. Schneider agency of Oklahoma City has been organized to write every type of insurance. For 10 years Mr. Schneider has been writing life insurance there, representing Connecticut Mutual, Prudential, Life of Virginia and Equitable Life Society. He will continue to represent those companies.

Associated with him is Raymond Cowan, Jr., former special agent of Phoenix of Hartford in Oklahoma, who had seven years' experience at the home office of that company.

Dallas Agents Boost Bond Sales

DALLAS—Twenty-five local agents of Dallas have signed up "for the duration" to promote the sale of defense savings bonds and stamps and with Don H. Houseman of Cochran & Houseman as liaison officer between the agents and the office of the collector of internal revenue will continue calling on Dallas firms to encourage the use of payroll deduction. In the first 30 days they were almost 100 percent successful in persuading firms with more than 100 employees to use the payroll deduction plan.

Agent Heads Insurance Committee

Charles C. Louderback, local agent at Stanley, Va., has been made chairman of the committee on insurance and banking of the Virginia house of delegates. Other insurance men on the committee are Frank Moore, Lexington local agent; E. T. DeJarnette, Richmond, president Virginia Association of Insurance Agents, and M. H. Abernathy, one of the premier producers of Northwestern Mutual Life.

Ga. Executive Committee to Meet

ATLANTA—The executive committee of the Georgia Association of Insurance Agents will meet here Feb. 16. The principal item on the agenda will be completion of the educational program for the year and making definite arrangements for the annual meeting.

It had been planned to hold the convention at Augusta in April at the time of the then scheduled mid-year meeting of the National association, but since that session was shifted the Georgia association very likely will hold its meeting in June instead of April.

Tenn. Mutual Agents Plan Meeting

NASHVILLE, TENN.—The annual convention of the Tennessee Association of Mutual Insurance Agents, according to plans made at the mid-winter meeting here of the executive committee, will be held in Nashville June 26-27. J. S. Kirkpatrick, Nashville, was elected vice-president to succeed the late J. C. Burdick, Sr. President J. Wayne Barker presided at the meeting. Alf Levine, counsel, spoke on possible cooperation with the defense program.

Heavy Losses in Southeast

ATLANTA—Fire losses in the southeast last week exceeded \$350,000. The severe cold wave was regarded as a factor. Heaviest losses were in Chester, S. C., where two big buildings were destroyed and two others damaged, totaling about \$200,000, and \$125,000 on a school building at Jefferson, Ga. Most of the properties were insured and adjustments are under way.

McIntosh Leaves Insurance

Olin T. McIntosh, Jr., of Savannah, vice-president and chairman of the executive committee of the Georgia Association of Insurance Agents, has left the local agency business, and has transferred his interest in his agency to Palmer & Cay. President R. L. Ellis has appointed Hugh Hill, president of the

Savannah Insurance Exchange, as a member of the committee.

Sisk Heads Tulsa Board

TULSA, OKLA.—Paul Sisk has been elected president of the Tulsa Insurance Board. Eric C. Stahl is vice-president and J. O. Whelchel reelected secretary-treasurer. On the new executive committee are I. D. Rich, John Wakefield, R. R. Lockwood, Sr., Al Morley, P. C. Kramer and H. F. Parrish, immediate past president.

La. Regional at Baton Rouge

The Louisiana Association of Insurance Agents will hold a regional meeting at the Hidelberg Hotel, Baton Rouge, Jan. 23.

Parker Ky. Priority Agent

LOUISVILLE—George H. Parker, manager Kentucky Actuarial Bureau, has been appointed priority agent in Kentucky in connection with purchase of fire department equipment, supplies, etc. For some months he has been assistant director of civil defense in Kentucky.

Fire Destroys Rubber and Tires

CLARKSDALE, MISS.—Fire which burned the D. & J. Tire Co. plant here destroyed 25,000 tires and about eight tons of crude rubber, valued altogether at about \$40,000. There is about 50 percent insurance coverage according to W. D. Dismukes, manager.

Would Bar Deviations in Va.

The Virginia Association of Insurance Agents will sponsor legislation at the present session of the Virginia general assembly calling for elimination of deviations from fire and casualty policies.

Kentucky Bureau Loses Two Men

LOUISVILLE—The Kentucky Actuarial Bureau is losing two more of its

men. P. E. Borders of the Lexington office, which services eastern Kentucky, will go to Wright Field, Dayton, O., as plant inspector. F. R. Anderson of the Louisville office has resigned and it is understood he will enter field work.

Big Fire at Cordell, Okla.

CORDELL, OKLA.—Fire gutted three business buildings here with loss estimated at more than \$150,000. They were occupied by the Ira B. Taylor drug store, Aachite hardware store and the Amuse-U movie in which the blaze started.

Honored for Long Service

Lloyd C. Preston, Crescent City, Fla., received a plaque for 30 years with Hartford Fire. J. P. Lassiter, Leesburg, was honored for 20 years with United States Fidelity & Guaranty.

NEWS BRIEFS

Col. Joseph Button, former Virginia commissioner and more recently secretary-manager of the Stock Company Association in Washington, D. C., until his retirement, was on hand at the opening of the Virginia legislature. He was for many years clerk of the Virginia senate before becoming insurance commissioner.

J. Davis Ewell, Jr., of Richmond and Miss Mary Lampkin Almand, of Dundas, Va., were married Jan. 17. He was associated with the George H. Rucker Company agency, Arlington, Va., until he entered the army as a private at Fort George Meade, Md. His father, a past president of the Virginia Association of Insurance Agents and a member of the Richmond local agency of Gibson, Moore & Sutton, was best man at the wedding.

W. G. Brinkley, secretary of the People's Insurance Agency, Norfolk, Va., is back at his office after having had a motor accident. Mrs. Brinkley, who

CONVOY

1797

1941



THREE HUNDRED YEARS ago, in 1797, the first American Convoy was established. It was a system of insurance protection for American shipping during the Revolution. It has continued ever since, through the Civil War, World War I, and now through World War II.

Insurance has always been the "convoy of industry," protecting it against the unexpected and unforeseen.

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OF FIRE INSURANCE COMPANIES

suffered more serious injuries in the accident, is still under the care of a doctor.

R. T. Peavy, superintendent of the printing department of the Southeastern Underwriters Association, Atlanta, was taken ill suddenly and rushed to a sanitarium. He will have to stay under treatment about five weeks.

George W. Works, Dallas local agent,

has received the Easterwood Cup Award from the Dallas Real Estate Board as the city's most outstanding realtor in 1941.

Jay R. Smith, director of the Dallas Insurance Agents Association and active in the entertainment of the National association at the 1937 convention in Dallas, has been elected oriental guide of Hella Temple Shrine.

tational occupancies," which include boarding or lodging houses, dwellings, apartment houses, sorority and fraternity houses, dormitories at public or charitable institutions (other than penal) and cabins at auto camps or resorts, are not charged as exposures to other habitational risks. Transient occupancies are not affected by this change.

PACIFIC COAST AND MOUNTAIN

Warns Utah Agents on Lloyds' Deals

The Utah department has issued a warning to resident agents against placing business for residents of the state with London Lloyds. The department states that it is informed agents have been soliciting and selling insurance in Lloyds to Utah citizens through brokers domiciled in neighboring states, especially in California and Colorado. The department points out that, except for fire insurance, and then only after permission has been granted by the insurance department, it is illegal for agents to solicit, issue or have issued any policies except in licensed companies through licensed agents. The Utah law does not permit brokering of insurance in non-admitted companies under any circumstances whatsoever except in fire insurance, the statement declares.

White Elected President of Los Angeles Exchange

LOS ANGELES—The Insurance Exchange of Los Angeles at its annual meeting elected the following officers: President, Robert J. White; vice-president, Willson Pierce, Jr.; governing committee: C. M. Teague, V. C. Bogy, L. W. Foster, Julian Ganz, W. W. Bennett, W. B. Glassick, Horace Randall and K. A. Belknap.

W. B. Glassick, retiring president, reported membership of 326 agents and 205 brokers, a gain of 17 agents and a loss of 10 brokers. Special attention is being paid to the casualty committee and it will continue to study plans for giving the exchange jurisdiction over this branch of the business.

More than 100 members attended the meeting, among them being R. B. Stephens, first president. He reviewed the 40 year history of the exchange. Mr. Stephens will celebrate his 50th anniversary as an active insurance man on Feb. 10.

Retiring President Glassick was presented with a handsome luggage set in appreciation of his service.

List Three Speakers for F.U.A.P. Annual Meeting

SAN FRANCISCO—Two questions prominent in the minds of insurance men throughout the nation will be highlighted at the annual meeting of the Fire Underwriters Association of the Pacific in San Francisco March 4-5, according to a preliminary announcements by President W. G. Rich.

O. H. Walker, secretary-manager Credit Managers Association of Northern and Central California, will discuss "Guarding the Nation's Profits" and W. J. Ward, general manager New York Fire Insurance Rating Organization, will discuss "Simplification of Rating Methods."

H. H. Hendren, new president of the California Association of Insurance Agents, also is on the program.

Special Agents Organize to Push Defense Bond Sales

SAN FRANCISCO—Fire and casualty special agents and a number of company office employees here have org-

ganized to stimulate public interest and sales of national defense bonds and savings stamps.

A. H. Bonstin, president Special Agents Association of Central-Northern California, called the meeting, with the cooperation of the Pacific Board, which urged companies' executives to call their men in from the field to attend. In addition, all casualty offices were circularized and practically all of the northern California field men were present.

W. R. Regan, Jr., deputy administrator of the defense bond office in San Francisco explained how the bonds and stamps can be sold or purchased. He was presented by Frank J. Agnew, representing the National Board.

Ariz. Presents Educational Courses of Agency Interest

PHOENIX, ARIZ.—The Arizona department of vocational education is presenting three short, intensive education courses, dealing with phases of the operation of a local insurance agency that are often neglected, starting in January. L. B. Curtis, chairman of the education committee of the Arizona Association of Insurance Agents, is notifying local agents over the state. State authorities have arranged their program in order not to conflict with the regular education courses sponsored by the Arizona association. The latter will get underway in Phoenix in February.

The state courses deal with clerical and stenographic work, public appearance course for the sales force, and a course on "doing business by telephone." They will be given at the Arizona Vocational School.

Win \$28,932 Subrogation Suit

TACOMA, WASH.—In a subrogation suit brought by Eagle Star, Hartford Fire and U. S. Fire, the federal court here awarded the companies \$28,932 against Abe Bean, who was held negligent in a wrecking operation which caused destruction by fire of a lumber mill plant at Welcome near Deming, Wash.

The mill was insured for \$30,000 and the companies had previously paid Tom O'Leary, Tacoma attorney, under a claim arising out of the fire. The suit grew out of a wrecking contract between O'Leary and the Olympia Supply Company. Abe Bean, son of Earl Bean, co-owner of the wrecking company, was alone at the millsite working with an acetylene torch cutting bolts from a conveyor. Federal Judge Schwellenbach held that Abe Bean was negligent and rendered the judgment against him, but did not include either Earl Bean or Sy Nash, owners of the Olympia Supply Co.

Eagle Star had \$12,500 insurance on the plant, Hartford \$2500 and U. S. Fire, \$15,000.

New Exposure Rule in Oregon

PORTLAND—The Oregon Insurance Rating Bureau has changed the rules for exposure charges for boarding and lodging occupancies in Portland. Formerly these risks were exposures to all other risks. Under the new rules they are called "habitual occupancies," if single buildings used for living quarters by others than transients. "Habi-

tional occupancies," which include boarding or lodging houses, dwellings, apartment houses, sorority and fraternity houses, dormitories at public or charitable institutions (other than penal) and cabins at auto camps or resorts, are not charged as exposures to other habitational risks. Transient occupancies are not affected by this change.

Dowd at Salinas, Cal., for F.C.A.B.

Joe B. Dowd has been named adjuster in charge of the Salinas, Cal. office of Fire Companies Adjustment Bureau, succeeding C. E. Cooper. Mr. Dowd has had 17 years in claims work on all lines. He was with J. H. Bryson & Co. and Swett & Crawford.

Portland Women Hear Thompson

PORTLAND, ORE.—Commissioner Thompson of Oregon addressed the Insurance Women's Association of Portland on "Type of Insurance Carriers Operating in the Northwest," taking up the stock companies, mutual, reciprocals, self-insurers and state funds, and placing of surplus lines in non-admitted companies, with particular reference to London Lloyds.

Incendiary Bombs Discussed

SPOKANE, WASH.—Capt. H. L. Olson of the Spokane fire department told the Spokane Insurance Association how to extinguish incendiary bombs, displaying samples of the different types of bombs used in Europe. Both men and women should be prepared to extinguish the bombs.

Lloyd Hahn, local agent, reported on a trip just completed which took him to eastern insurance centers.

Panel Discussions Presented

LOS ANGELES—The Associated Agents of California held a panel discussion of fire and automobile problems. J. T. Breckon, B. D. O., San Francisco, spoke.

Representatives of the Southern California Fire Underwriters Association conducted the panel discussion on fire problems and the automobile panel was in charge of the Casualty & Surety Fieldmen's Association of the Pacific Southwest.

General Pushing Bombardment

SEATTLE—The General of Seattle is staging an aggressive campaign for war and bombardment insurance in the state of Washington. The past week large newspaper advertisements have appeared in Seattle and other principal cities soliciting this class of business.

Start Educational Program

The casualty educational program of the Casualty Insurance Association of

Washington and the Washington Association of Insurance Agents got underway this week with a meeting at Bellingham Jan. 20. Others are scheduled for Mt. Vernon, Jan. 22 and Everett Jan. 27. The comprehensive liability policy is being featured.

Ulvila Speaks in Santa Monica

SANTA MONICA, CAL.—A. J. Ulvila, special agent Pacific National Fire, spoke to the Santa Monica Association of Insurance Agents on "The National Board of Fire Underwriters and the Underwriters Laboratories," describing their functions.

Field Men Hold Stag Party

LOS ANGELES—Over 125 attended the first joint stag get-together sponsored by the Southern California Fire Underwriters Association and Casualty & Surety Fieldmen's Association of the Pacific Southwest. Members of the Casualty Association of Southern California and the Casualty Underwriters Association of Southern California were guests.

Gellatly Elected Director

WENATCHEE, WASH.—Lester L. Gellatly, Wenatchee agent, has been elected a director of American Underwriters Corporation and its subsidiaries, the Sunset companies.

Richter & Co. Named

Richter & Co., of Denver have been appointed general agents in Colorado for Standard of New York.

Second Los Angeles Class

LOS ANGELES—A second class to take the course provided by the Insurance Institute of California has been started by the Insurance Exchange of Los Angeles, with an enrollment of 55. The sessions will continue until late in July.

NEWS BRIEFS

R. B. Rogers, battalion chief, of the Seattle fire department, addressed the Jan. 20 dinner meeting of the Seattle Blanket Club. The club's annual dance will be held Feb. 7.

Dean Archey, Seattle agent, has been elected president of the Young Men's Business Club.

D. D. Ivall, district officer of the London fire brigade, is touring Pacific Coast cities with Jay W. Stevens of the National Board, lecturing on experiences in London on matters dealing with fire protection.

Chief inspectors of Northwestern Mutual Fire from all parts of U. S. and Canada are assembled in Seattle for a lengthy series of conferences on providing maximum protection for plants and products.

EASTERN STATES ACTIVITIES

Boston Insurance 'Phone Directory Is Published

THE NATIONAL UNDERWRITER has completed the compilation and printing of the Boston Insurance Telephone Directory and copies are being mailed this week.

The directory is the first of its kind ever compiled for Boston but THE NATIONAL UNDERWRITER plans to publish a new edition annually in January, bringing up to date the names, telephone numbers and addresses of those engaged in all phases of the insurance business in Boston metropolitan area.

Additional copies of the directory can be obtained from THE NATIONAL UNDERWRITER'S Boston office, 944 Park Square building, telephone Hubbard 8696, or from the Chicago office, 175 West Jackson Boulevard.

Pittsburgh Defense Rally Attracts Over 3,000

PITTSBURGH—More than 3,000 attended the insurance civilian defense rally here sponsored by nine insurance organizations. E. Walter Geisler, Fred S. James & Co. was general chairman. Speakers included Mayor Scully, defense council and Red Cross authorities and Steacy E. Webster, general agent Provident Mutual Life in Pittsburgh and state chairman National Association of Life Underwriters defense bond drive.

Sponsoring organizations were the Pittsburgh Life Underwriters Association, Pittsburgh Accident & Health Association, Casualty Insurance Association of Pittsburgh, Surety Association of Pittsburgh, Insurance Federation of Pennsylvania, Insurance Club of Pittsburgh, Pittsburgh Casualty Claims Asso-

ciation, Smoke & Cinder Club of Western Pennsylvania, and Pittsburgh Association of Insurance Agents.

May Provide Substitute for Pittsburgh Insurance Day

PITTSBURGH — Pittsburgh Insurance Day will not be held on Feb. 16, the date originally scheduled, because of conflict with selective service registration day set for that date. Officers of the Insurance Club of Pittsburgh, which sponsored the affair for the last 15 years, and cooperating insurance organizations are still considering plans for a program of some sort to be held in lieu of the annual activity.

Philadelphia Banquet Date Is Changed to Feb. 17

The date for the banquet of the Insurance Society of Philadelphia, originally scheduled for Feb. 9, has now been postponed to Feb. 17.

The speaker will be a prominent Philadelphia manufacturer, Hamilton R. Disston, vice-president of L. H. Gilmer Company.

Interesting History of Agency Run by Sisters

In Tannersville, N. Y., are two women licensed real estate and insurance agents who, as children, learned to read while sitting alongside their father and reading back to him the forms he copied on an old Yost typewriter and pasted on fire insurance policies.

Today the M. Lackey, Jr., agency of Tannersville, N. Y., which two sisters now own and operate, has been doing business for nearly 55 years. It has just been awarded an honorary certificate for 46 years of "distinguished service" to the North America.

Comprising the agency, which was incorporated into a family corporation in 1922 to perpetuate the business, are Clara E. Lackey and her sister, Mary Lackey Doyle, daughters of the late Michael Lackey, who founded the agency in 1887. He died in 1937. In addition to North America, the agency represents 14 other companies, only four of which have been with the agency less than 27 years. No company ever has withdrawn its representation from the agency.

The confidence the companies have in the agency is reflected in a letter from one of the officers of the old Philadelphia Underwriters, which told Mr. Lackey that "if you issue our policy insuring a firecracker and for a small additional premium give permission to have it kept in the oven, our company will unquestionably approve it."

It was Mr. Lackey's boast that never did he solicit one item of business. It all came to him unasked, so strongly did he enjoy public confidence. Today the agency is the largest and oldest in that section. It has never had a loss questioned or a settlement delayed. Through the years it has consistently done business with its companies solely on a cash basis. It has never asked for credit terms.

The Lackey family has had seven generations residents of the town of Hunter. Their homes were within two miles of the present location of the Lackey agency.

Utica Fire Leaves Syndicate

Utica Fire of Utica, N. Y., has resigned as a member of the Cooperative Fire Underwriters Association of New York and no longer participates in the combination policies issued under the title "New York Cooperative Underwriters."

Harrington Heads Macomber Office

BOSTON — H. J. Harrington, treasurer of the Frank Gair Macomber agency in Boston for 15 years and with the agency 41 years, has been elected presi-

Hedge New Head of Rating Body

William R. Hedge, president of Boston and Old Colony, was elected chairman of the board of governors of the New England Fire Insurance Rating Association at the annual meeting in Boston. The new vice-chairman is James F. Crafts, who is vice-president of Fireman's Fund. Ralph Sweetland was re-



WILLIAM R. HEDGE

elected secretary-treasurer and executive manager. The retiring chairman is Walter B. Cruttenden, president of Springfield F. & M.

dent and treasurer to succeed the late Mr. Macomber. He will head the two agencies in New York as well as the Boston office. In the Boston office, C. F. Lyman, Jr., becomes vice-president and George W. Lookwood assistant treasurer.

Start Mass. School Series

BOSTON—The special course of discussion groups on "Direct Loss by Fire," which has been under preparation for some weeks by the Massachusetts Association of Insurance Agents, Bay State Club and local boards throughout Massachusetts started last week and will continue for five weeks.

Twenty-one schools will be held in as many cities or towns. About 30 special

agents, who have been undergoing special training, will talk about their own special lines. Each class is limited to 25 members and a small fee is charged.

Annual Banquet in Camden

Alfred Christie, president of the New Jersey Association of Insurance Agents, will be the speaker at the banquet of the Camden Association of Insurance Agents Jan. 22. Another speaker will be William F. O'Brien, secretary of the state association. P. H. Rapp, who has just been elected president of the association, will preside.

Form Elizabeth, N. J., Association

Eugene Phares is president of the newly organized Elizabeth (N. J.) Association of Insurance Agents. Other officers are Frederick Waitz, vice-president, and Alice O'Donnell, secretary-treasurer. Abe Lemberg was named chairman of the membership committee. A number of members also belong to the Union county association. The new organization will hold meetings monthly.

NEWS BRIEFS

The annual supper dance of the Insurance Women of New Jersey will be held in Newark, Feb. 6. Miss Thelma Fleming of Plainfield is chairman.

Dexter P. Rumsey, who recently retired from the Buffalo agency of Dexter P. Rumsey & Co., has been elected president of the Erie County Savings Bank there.

The Massachusetts Association of Insurance Women will hold a meeting in New Bedford Jan. 24. Manager Charles E. Megargel of Fidelity & Deposit in Boston will talk on "Present Day Aspects of the Surety Business."

H. L. Niles, long head of the Niles & Co. agency, has retired from Niles & Smith in Boston and the agency will operate as Robert H. Smith Co.

J. L. Youmans, vice-president of the E. K. Schultz & Co. general agency of Philadelphia, visited the home office of Millers National this week. Mrs. Youmans accompanied him.

M. W. Mays, manager of the Business Development Office, will be the speaker at the meeting of the Essex County, N. J., Insurance Agents Association in Maplewood the evening of Jan. 27. He will discuss war risk insurance.

Roy R. Brockett, Buffalo local agent, has been reelected chairman of the board of supervisors of Erie county.

The agency of the late M. L. Southard at Lebanon, Ore., has been purchased by J. V. Warden. R. M. Coleman has been appointed manager of the enlarged agency's insurance department.

★
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CANADIAN

Canadian Agents Get 25% on Property Floater

TORONTO—Agents in Canada have been successful in their plea to the Canadian Inland Underwriters Association to revise commission rates on the personal property floater policy. Last June the association announced that effective Oct. 1 the commission rate on that form would be reduced to 20 percent. Now Manager W. E. McLean announces the rate will be 25 percent, retroactive to Oct. 1.

The revised commission rates allowable to Class A agents and brokers are:

Class 1. Bridge, dam, flume, pipe line, sewage system, tunnel, waterworks system policies,—10 per cent,

Class 2. Golfers' equipment, and policies on guns, personal effects, personal furs, cameras (personal), personal property floater, silverware, tourists' baggage, wedding presents and personal jewelry,—25 percent. Where any coin collection, fine arts or stamp collection is included in the schedule to a P. P. F., the P. P. F. rate will apply.

Class 3. Any other types of policies not coming within the two preceding classes, except registered mail including armored car and messenger sendings policies and livestock transportation policies, which shall be excluded from commission control under these rules at the present time,—15 per cent.

Class 3 as outlined above is much more specific than previous wording: "Any other types of policies not coming within the two preceding classes."

Other important amendments include removal from Class 1 to class 3 of jewelers' block policies. There have been no amendments in the general text of the acquisition cost rules of the association, Mr. McLean states.

McGee Heads Soc Agents

The Sault Ste. Marie (Ont.) Fire & Casualty Insurance Agents Association has elected these officers: President, Thomas McGee; vice-president, R. A. Gibson; secretary-treasurer, Cliff Royle.

L. & L. Shifts in West

London & Lancashire announces several changes in western Canada. George F. Burns becomes manager at Winnipeg, succeeding F. C. D. Oxenham, who retired owing to ill health. George A. Potter, senior inspector in British Columbia, succeeds Mr. Burns as inspector for Alberta. He is succeeded in British Columbia by Godfrey H. Welch, who has been junior inspector.

Norman to Winnipeg Branch

WINNIPEG—V. O. Norman, for many years Alberta representative of the British America group, has been put in charge of the casualty department of the Winnipeg branch. C. L. Layton will succeed Mr. Norman in the Alberta field.

Ration Tires in Canada

TORONTO—New tire rationing now in effect and gasoline rationing which goes into effect April 1, are expected to curtail the use of automobiles and to affect the demand for insurance protection. New tires can now be bought only by doctors, visiting nurses, veterinarians, police and fire departments, specified buses and truck owners who use them for essential purposes but not for home deliveries.

No restriction is placed on the sale of used tires and tubes but purchasers will be required to prove their need.

Change in Calgary Firm

CALGARY, ALTA.—The firm of Hornibrook, Whittemore & Allan will hereafter be known as Hornibrook & Powles. G. P. Powles has been with the firm for many years and is well

known in Alberta insurance circles. The firm is general agent for seven large tariff carriers.

B. C. U. A. Makes Rule Changes

VANCOUVER, B. C.—The British Columbia Underwriters Association has revised its U. & O. rules, limiting the term on U. & O., profits and extra expense insurance to one year. Revision was also made in the premium adjustment clause applicable to annual policies subject to 100 percent coinsurance.

Spears Is Vancouver Manager

Robert B. Spears has been appointed manager of the Vancouver branch of General Accident, with jurisdiction over British Columbia.

MOTOR

Recall Laboratories Work in Automotive Field

The Underwriters Laboratories of Chicago has gotten out an effective leaflet entitled "Hello, Mr. Patterson." It features a clipping from THE NATIONAL UNDERWRITER of Dec 11, reporting the experiment of the Georgia Auto Parts Company in Atlanta to show the difficulties involved in burning an automobile. At the same time there was a round table discussion led by Claude Patterson, manager of the Automobile Underwriters Detective Bureau, hence the caption, "Hello, Mr. Patterson."

The Underwriters Laboratories took advantage of this news item to remind automotive people that Underwriters Laboratories has been active for many years in reducing the fire hazard of passenger cars, trucks, buses, taxis and tractors. For 18 or 20 years most makes of passenger cars have been approved by Underwriters Laboratories from the fire hazard standpoint. For 10 or more years each year's models of all domestic passenger cars have been approved.

Engineers of the laboratories go to the factories when the new models are being designed. They inspect the fuel, ignition, and exhaust systems. This results in a reduction of losses and also tends to decrease fire insurance rates. The fire hazard of new passenger cars has been reduced almost to the practical minimum.

In view of the necessity now for making cars last longer there is particular interest in the pamphlet of the laboratories entitled "On the Safe Side" that is a reproduction of the radio appearance under the auspices of the laboratories dealing with automotive safety.

Arnberger Pacific National Automobile Manager

R. C. Arnberger, automobile manager in Philadelphia of Pacific National Fire since 1936, has been transferred to the San Francisco head office as manager of the automobile department for the entire country. He started in the business in San Francisco in 1922 with Ocean Accident and joined Pacific National at the home office in 1935.

Effect of Restrictions on the Garages

Since governmental restrictions on new tires and automobiles, insurance men have been studying the garage situation. They are wondering whether garages will be badly hit and if so what the effect will be. So far as fire insurance is concerned there may be a moral hazard. The automobile men are looking at the garage from a garage liability viewpoint. Some feel that with more second hand cars in use garages will have much more repair work and that therefore they will not be so badly af-

fected as at first might have been anticipated.

Sentenced for Auto Cover Fraud

NASHVILLE—Mrs. Effie Belle Adecock and James C. Thomas,

charged with fraudulent collection of theft insurance on an automobile and later collecting fire insurance on the same car after changing the motor number, have been sentenced to the penitentiary. Judge Gilbert suspended the woman's sentence.

MARINE INSURANCE NEWS

Wynn Jones Elected by Seattle Marine Board

SEATTLE—The Seattle Board of Marine Underwriters elected new officers at its annual meeting and drew up recommendations for protection of the city's extensive waterfront facilities for shipping. Wynn Jones, McCollister & Campbell, was elected president, succeeding Talbott Carroll. A. R. Sayres, LaBow, Haynes Co., was elected vice-president and F. W. Perry, Yangtze, was reelected secretary-treasurer.

The board has recommended to defense authorities that some 50 tugs in the Seattle harbor be equipped with fire fighting equipment and that similar measures be taken with all naval and coast guard patrol vessels. At present, Seattle has only two fire boats to protect Elliott Bay and Lake Union, which have a total of 20 miles of commercial waterfront.

Tacoma has for some time been especially well-equipped for waterfront fire defense. In that city, the fleet of tugs owned by the Foss Launch & Tug Company are equipped with fire pumps and monitors. These boats were able to put out a serious fire at the Balfour Dock in 1936 when authorities credited the tugs with saving the city's entire waterfront.

New Michigan Single Interest Form

LANSING, MICH.—The Michigan department has approved a single interest form for small local companies

Buckley in New York Field for Marine Office

Marine Office of America has transferred John E. Buckley to the Syracuse, N. Y., office at Onondaga County Savings Bank Building. There he will with Special Agent Michael J. Cecora, Jr., serve north and west New York state.



JOHN E. BUCKLEY

Mr. Buckley from 1935 until September, 1941, was in the insurance offices of Norman Duffield & Co., Buffalo. For the past few months he has served in the underwriting and agency departments at the head office of Marine Office of America in New York City.

Mr. Buckley is especially familiar with the insurance business of Buffalo and will travel there on his field duties from the Syracuse service office.

which charge the premium to the borrower. It eliminates the usual subrogation feature and the requirement that the loan company pursue all legal remedies against the borrower before making a claim. To protect against the loan company abandoning the collateral, thus forcing the insurer to assume a greater credit risk than was originally intended, the new form provides that a claim may be made only after repossession of the collateral, but does not mention the means to be pursued by the loan company.

Reinsurance Rule Made

The joint committee on interpretation and complaint has issued a statement that when the nation-wide definition and the underlying articles of agreement are applicable to a contract of direct insurance they are equally applicable to reinsurance other than a bona fide non facultative general treaty under which the reinsurer has no knowledge as to the eligibility of the risk to be written as marine or inland marine.

Mariners Party Jan. 31

The Mariners, organization of Chicago marine insurance men, will hold its annual dinner dance at the Columbia Yacht Club Jan. 31. Dress is optional for the affair, and members can bring guests. In addition to the dinner and dancing there will be entertainment.

Roy F. Urbauer, F. & G. Fire, is in charge of arrangements, assisted by Skipper Marty Plotnick, Fireman's Fund; Robert Maxwell, Home, and Harold Bredberg, National Service.

Faunce to O'Brien & Russell

BOSTON—Anthony Faunce, son of Kenneth W. Faunce, member of John C. Paige & Co., who has been in the New York office of the North America, has joined the marine department of O'Brien & Russell & Co. in Boston. He is a Harvard man, class of 1937, and joined North America in Philadelphia in 1938, later going to the all-risks department in New York.

Emphasis on Line Diversification

(CONTINUED FROM PAGE 10)

not permitted, even started to write regular fire insurance through those running mates.

American Automobile has been the most conspicuous example of an automobile specialty company that has systematically extended the range of its work to include general casualty lines.

Diversification Emphasized

Companies that had already decided to diversify their writings are now taking steps to intensify the production of non-automobile lines and a number of the companies that have been operating on a multiple line basis right along but have been preponderantly automobile insurers, are pushing the other lines. Some of

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the automobile specialty companies that have not yet taken the plunge, are seriously considering the writing of a general line.

This movement is likely to cause an increased demand for man-power in underwriting, field and claims positions and the demand comes at a time when there is a shortage, as men are drawn into the armed services and into defense work. Some of the specialty companies that desire to diversify nevertheless are timid about going into the workmen's compensation line. Many of them are thinking principally in terms of burglary insurance and this may become an even more competitive line than it has been. A new company entering the field would probably try to get out a contract to offer some special appeal and the variety of \$500 residence burglary policies may become very greatly multiplied.

General Liability Insurance

Another line in which interest is shown is general liability, particularly residence and personal liability forms. The business that they would like to have is the same kind of choice business that the multiple line casualty companies have been trying to develop right along and which they have tried to stimulate through contests, direct mail literature and exhortations to agents. It is business that has to be created and that requires active, persistent solicitation. It may be that a large number of agents may be so jolted by the prospect of losing automobile business that they will get out and make the calls in behalf of the business that practically all commentators say is there to be developed if the agents will do what it takes to get it.

With the prospect of a decline in automobile premiums, it may be that production leaders will beat the tom toms even more vigorously in an endeavor to arouse those who do not carry automobile insurance to change their ways.

John J. Hart, assistant secretary of the automobile department of Travelers, has undertaken to apprehend the automobile insurance trend during 1942 and he concludes that it will be a good year for automobile casualty insurance, with loss ratio "not too bad" and similar results on the property coverages, except that the latter will suffer a shrinkage in premiums due to the absence of new cars. From the standpoint of the agent and company things will turn out pretty well in the automobile lines, he predicts.

Although individuals will use their cars less this year than in previous years very few are planning to put up their cars, he said. Men called for military service may discontinue the use of their cars but most of them will take advantage of the high prices and sell their cars rather than store them. Mr. Hart advises agents to get from such men the names of the purchasers of their automobiles. He recalls that in the depression years people hung on to their cars to the last. The greatest disturbance will be in the fire, theft and collision business and there will be a sharp drop in the premiums arising from finance accounts.

Many people that have been in the lower income brackets are now getting good salaries and are able to afford automobile casualty coverages, he points out. Although Canada has been on a war time basis, the automobile premiums, especially the casualty forms, have not shown any material reduction.

Non-Bureau People Readjust Automobile Rates

(CONTINUED FROM PAGE 19)

other states the net rates will not be that low, and in a great many cases Ohio Casualty will disregard the application of A-1 classification.

Mutual casualty companies have got out revised rate sheets for automobile liability and property damage premiums in territories for which the National

Bureau of Casualty & Surety Underwriters promulgated rate revisions as of Jan. 12.

Passenger car rates were affected in 34 states and commercial vehicle rates in 18 states. The mutual companies' revisions follow the National Bureau's rates exactly for the B classification while the classifications corresponding to the bureau's A and A-1 rates are 15 percent and 20 percent, respectively, less than the B rates whereas the bureau's A and A-1 rates are 20 and 25 percent respectively below the B rates.

Under the mutual companies' careful driver plan a 10 percent return in addition to the dividend is given for an accident-free record for the previous two years, the amount being reduced to 5 percent if there has been one accident during that period.

Since the Mutual Casualty Insurance Rating Bureau exercises its rating function only in regulated states, it has taken no action with respect to the rates in the states covered by the National Bureau's revisions. States involved included any of the rate-regulated states, which are New York, New Hampshire, Virginia, North Carolina, Oklahoma and Louisiana. In the non-regulated states the mutual companies fix their own rates individually.

OHIO NON-BUREAU RATES

COLUMBUS—The Ohio Automobile Underwriters Association, at a meeting this week, adopted automobile rates, which, it was announced, are about on the same relative level with rates in respect to new National Bureau rates as the previous non-bureau rates were to the old bureau scale.

ACTION IN ILLINOIS

In Illinois most of the independent companies have not yet made P. L. and P. D. filings. Five of the domestic stock companies have. These are Motor Vehicle Casualty of Chicago, Suburban Automobile of Wheaton, Freeport Motor Casualty, and Illinois Casualty and Illinois National Casualty of Springfield. They have one rate for business and pleasure on passenger cars, the rate being approximately 29 percent off the rates published by the bureau for B class cars. These companies get together for statistical purpose and make filings on substantially the same basis.

A group of 17 independent companies that have been meeting informally in the offices of G. A. Mavon, resident vice-president of Trinity-Universal in Chicago, have not yet filed. Some action is expected to be taken by this group before next week.

Continental Casualty and American Automobile, which follow deviation principles of their own, had not made filings early this week.

There is much less deviation by independents from bureau rates on commercial cars in Illinois than on passenger cars.

Big Turnout for Texas Meetings

(CONTINUED FROM PAGE 19)

they have a definite part in the production program of the nation. Mr. Davis pointed out that in 1940 civilian casualties reached the staggering total of 420,000 man days. Of these a third more came at home or in the street than while on the job.

The untapped production possibilities for burglary and robbery business were emphasized by Mr. Luecke. Too often

agents place sales of burglary and robbery coverages in the category of things that they will do tomorrow, or sometime.

About 900 burglaries occur every 24 hours, half of them residential, and from 150 to 200 robberies occur during the same period, he said. These are "known" cases, which means that the actual number is larger.

Lines Are Not Complicated

Agents have ignored the production possibilities partly because they mistakenly feel that burglary and robbery lines are complicated, Mr. Luecke said. Another thing that has retarded sales is the careless use of the term "burglary" and "robbery." It is extremely important that the agent talk about a robbery when a robbery has been committed because he can graphically describe it by speaking of "holdup," "stickup," or "masked thug with a big black gun," when he is talking to a prospect. When talking to a merchant about burglary coverage, he can dramatize it a good deal more if he knows what he is talking about.

In both the residence and mercantile fields the protection available has been steadily broadened by the companies. There are a number of forms and combinations available, designed to fit the varying needs and circumstances of various assured.

Confusion About Vacancy

Occasionally agents and the public are confused by the vacancy or unoccupancy provision. These terms do not mean the same thing in connection with residence burglary as they do with respect to the fire policy. A house is considered vacant or unoccupied under burglary and robbery coverages when it contains furniture and personal effects but when the residents are away on trips, vacations, and the like.

One of the most popular sellers in the mercantile field is the storekeeper's policy which pays up to \$250 for a loss under a variety of circumstances, Mr. Luecke said. This contract was designed for the small merchant but proved so satisfactory that larger businesses have asked for it, although they have not been granted it. It can be written on small businesses on a relatively liberal manner and gives well rounded out coverage against various crime exposures of the small business man.

May Find Way to Stay Commissions

(CONTINUED FROM PAGE 1)

those that made FHA loans, demanding that the insurance be placed through their office. That is they dominate the handling of the insurance. Under the system followed the borrower getting an FHA loan pays a stipulated sum monthly which is more than is actually required. The mortgage banker sends a check for the surplus but the endorsement stipulates that the insurance shall be handled by the owner.

There are still very sharp reverberations from some company headquarters that they intend to file deviation rates with the Texas insurance department

below the manual rates. Fire insurance rates are made in Texas by the department and they have to be observed but companies can file lower rates if they desire. The agents are very much opposed to any rate reductions as the tendency here in Texas has been constantly to decrease rates inasmuch as the department makes the tariffs according to the actual experience.

Another group of companies is quite anxious to tear the roof off so far as commissions are concerned and get into active warfare until the skies are clear. Naturally this would have a demoralizing effect all through the state.

Hope for Department Action

There is still hope that some way can be found for the state insurance department to take some action that will govern the situation in spite of the Gulf of Dallas decision. An encouraging sign is that the Texas home companies realize a possibility of a battle in the state and if the department could establish a maximum commission rate it is not thought that the home companies would raise any issue. Some attorneys are delving into the subject and hope to recommend some action in the future.

The orthodox foreign company group that started the state by increasing its commissions is endeavoring to protect its own business as it was suffering a material loss in premium income be-



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cause of its agents passing its business to high commission companies. So far no other company or group has followed this course although there is likelihood that it may happen at any time.

Blanchard Discusses Regulation Issue

(CONTINUED FROM PAGE 1)

ment, he said. Legislation comes after the fact, but a commissioner with information and authority can act quickly and effectively. His most important weapon is information, whether acquired by routine reports or by special examination. Even if he possesses little authority for taking emergency action, with knowledge of the facts he is in a position to exercise considerable moral pressure. He can impose fines, forbid improper practices, give publicity to his findings, cancel or refuse licenses, and in extreme cases take over carriers for liquidation or rehabilitation. In this way he can accomplish results unattainable if it were necessary to await action by the legislature or court.

It is better for a commissioner to have the option of acting rather than be forced by mandatory law to take action. Often the implied or express threat of action is more effective than the inflexible and literal application of statutory rules. The commissioner should have an instrument adaptable to circumstances rather than be bound by a rigid rule that he must apply without use of his individual knowledge and wisdom.

Should Leave Statutes Flexible

The terms of statutes should be flexible. It is even more desirable for the department itself to have a flexible attitude. Insurance departments and state legislatures have some of the characteristics of institutions, and institutions tend to develop traditions and become unduly enamored of them. When they are abetted by the abhorrence of change which possesses many insurance executives, progress is pretty effectively blocked. Regulations should encourage improvements in the interests of the public and should not wait for them to be forced upon his attention.

The absolute, Dr. Blanchard pointed out, is an ideal to give direction to regulatory efforts, but such ends are imperfectly attainable, and too great striving toward them is a possibility. The workmen's compensation manual at one time contained 1,500 classes of risks, a number reached by the gradual splitting and adding of classes in an effort to recognize variations of hazards. It became unworkable, and the number of classes has been reduced by about two-thirds. A somewhat similar situation in fire insurance rating has demonstrated the need of consolidation and simplification, toward which steps have been taken. Sometimes it is better to aqiesce in a certain degree of inequity, when the cost of achieving equity is out of proportion, or where equity is not practicable.

Above all the insurance department and its head should be competent and independent of special influences. Too few of the present departments satisfy these ideals, and regulation suffers to that extent. However, the best departments are found in states having extensive insurance interests, and their laws and administration control insurance in many vital ways far beyond their border.

Long Range View Needed

Insurance men have been too prone to look on regulation as an objectionable interference with their immediate comfort and profit. They can, he said, do much to bring about desirable changes if they will take a long range view of their own best interests.

There are a number of characteristics peculiar to the business that have led to control of insurance, he said.

In the first place, the value of an insurance contract rests primarily on the

ability of the insurer to meet its obligation in the future. In certain forms, such as liability, compensation and disability, the obligation may far outrun the term of the contracts. Insured usually pays for these intangible values in advance. Many contracts involve third parties who have no part in the making of the insurance contract, and their rights need protection. Insurance is a highly technical business, and accurate judgments of the condition of insurers or the fairness of their rates or contracts is a matter for experts.

Rates Based on Future Costs

Insurance rates are based on probable future costs, and there is a great temptation for rate makers to be over-optimistic when competition suggests a lower rate to secure business. Rate wars have on occasion brought insurers to the point of bankruptcy.

While there is not general agreement on the manner or extent of governmental control, there is on the necessity of such control to assure solvency, fair practices, and competent service.

The most important of these is solvency. The principal insurance states have set high standards in this respect and departments have served the public well in their enforcement. The setting up of security funds to pay defaulted claims of insolvent insurers is a recognition of the primary importance of solvency and of the social service of insurance.

Second to solvency, but an important and growing activity of legislators and commissioners is regulation of practices to protect the public and, in some measure, insurers themselves. Regulation of policy provisions, making and application of rates, adjustment methods, advertising, etc., come under this head.

Regulation of Competence Is New

Competence is a relatively new subject of regulation and is being pushed in the field of agency and brokerage, and to some extent in adjusting and management. State administrative officials are given considerable latitude in determining the fitness of license applicants. Licensing of agents and brokers has until recently been largely a matter of fees and forms. The new requirements in force in several jurisdictions are far from onerous, and the fact that so many applicants fail to meet them illustrates the ease with which incompetents, and worse, have in the past become "insurance men."

Government might assume two attitudes toward insurance, leave the field free to operate with only the restraints applicable to all business, or it might completely socialize the insurance function, and assign it to a governmental department. It has chosen a middle course, leaving largely to private enterprise the initiative in offering insurance facilities and in developing them, but hedging that initiative about with safeguards for the public.

Discuss Prevention, Control of Magnesium Fires

(CONTINUED FROM PAGE 3)

fires are very easy to extinguish, while hot fires are difficult to handle.

In connection with grinding magnesium alloys, dust collecting systems should not have filters or obstructions that will allow accumulations of dust. The collecting system should be regulated by an automatic control to insure operation whenever grinding is started. The collector should be of the unit type, serving no more than one or two grinding benches, and should be equipped with short duct to prevent accumulation. Sludge pits or other means of dust disposal must have adequate ventilation. Other metals should not be ground on equipment used for magnesium. Don't use animal, vegetable, acid containing mineral oils or oil-water emulsions as coolants, Mr. Thrune advised. Operators of grinding equipment should use smooth, fire-re-

tardant clothing, and it should be brushed frequently. Magnesium dust should not be allowed to accumulate on benches, floors, window ledges, overhead beams, etc.

Large pieces of magnesium scrap can be stored and returned to the manufacturer for reclamation. Dust scrap should be mixed with sand and buried.

In combatting warehouse fires, which have occurred where magnesium is stored, streams of water should be used only to wet and cool combustible material around the metal fire, and should not come in contact with the molten metal, Mr. Thrune said.

Stone Outlines Job of Insurance in War Days

(CONTINUED FROM PAGE 17)

industry or civilian defense, Mr. Stone said.

In case accidents do happen, claim departments have, in war time, an extra chance to do good by dealing promptly and properly with those who may be injured. Injured munition workers may be returned to their work more promptly in this way.

Mr. Stone called attention to the work of the casualty and fire companies through the Insurance Committee for the Protection of American Industrial Plants, which makes available to the government every facility of the engineering departments of the companies in speeding up production and preventing sabotage.

An important piece of work for the companies is to call attention of the public to the infinite variety of things to be done in air raid precautions and to help prevent sabotage. Mr. Stone suggested this might be done through pamphlets widely distributed. The agent and broker can do much for civilian defense by making available all the information they can secure from their companies about civilian defense, fire prevention, air precaution work, and safety work in general. Insurance people should be the leaders in their community in this work.

Relieve Assured of Worry

Assured can do a better war job if he is relieved of the worry and concern about loss incident to or growing out of injuries, death and property damage due to accident. This is, of course, the peculiar function of insurance. Consequently, it is the duty of the business to see that the benefits of adequate insurance are brought to the attention of as many persons as possible.

More and more should be done in insurance education. The younger people and those new to the business should be thoroughly educated in the general principles of insurance.

The future of the insurance business and those in it may be measured to a considerable extent by the quality of service rendered in the present crisis, Mr. Stone asserted.

In performing any service for which a price is charged, insurance people must be sure they are giving the persons paying that price their money's worth. Because those in the stock insurance business charge more, the services they give must be worth more. People cannot be frightened away from purchasing other forms of insurance, especially those charging a smaller price, simply because such insurance is called "socialistic" or "communistic." Instead of name-calling those in stock insurance should see to it that the extra price they charge is earned. The agent must be able to show that he is, indeed, worth the extra commission he collects. Over any period of time, the public knows whether it is getting its money's worth.

Reward for Good Experience

Assured who carries on his work freer of accidents and with fewer claims is entitled to a reward of some kind for the extra caution and pains he uses in handling his business. In saying that such an assured is entitled to some of

his savings, paid only when he has thus earned them by his cooperation, "we are not copying a method employed by other forms of insurance, which, in all instances, see to it that the policyholder, whether careful or careless, gets the same return. We are simply putting a premium upon care and efficiency."

The practice introduced by the government of having the insurance adviser paid by assured rather than the company, Mr. Stone said, brings up the question of whether this principle should now be put into practice as respects projects other than those in which the government is interested, or whether it may be kept until after the war is over. It is a problem for the agents themselves to decide.

It is, however, something for all agents and brokers carefully to consider. It will be interesting to see how this new idea, the product of these particular times, works out in the future. Such an idea certainly puts special emphasis on the real service of the agent or broker.

Insurance Is Essential

Both fire and casualty insurance are essential, so much so that if they were destroyed, something would have to be created immediately to take their place, he asserted. Business could not be long conducted without the aid of such protection. More and more business firms concerned with the credit of those with whom they deal are looking into the extent to which the latter are adequately protected by all forms of casualty insurance.

After the war is over the American agency system should survive, Mr. Stone said. If they give competent service and advice, agents will have a place in the future order of things. There will always be a need for expert advisors of all kinds. As society grows more complex and business has more difficulties the business man will increasingly need relief from the anxieties and concerns he would have were he not insured.

Mr. Stone sees in the future a greater opportunity to insure against more and greater risks with simpler and more complete kinds of coverage. There will be further emphasis on comprehensive policies of all kinds, he said.

Past Presidents Presented

At the outset of the banquet, attended by 265, President E. S. Karrer introduced a group of past presidents including George W. Carter, first president of the Detroit association. The association has closed the best year in its history, Mr. Karrer declared. It has had a 25 percent increase in membership, and Elmer Salzman, executive secretary, has done an especially good job on membership and public relations, he said.

Commissioner Berry said he believes the Michigan department has made much progress this year in its attempts to raise the standard of insurance selling, and he called attention to the need for insurance engineering in overcoming wartime industrial hazards and protecting defense work.

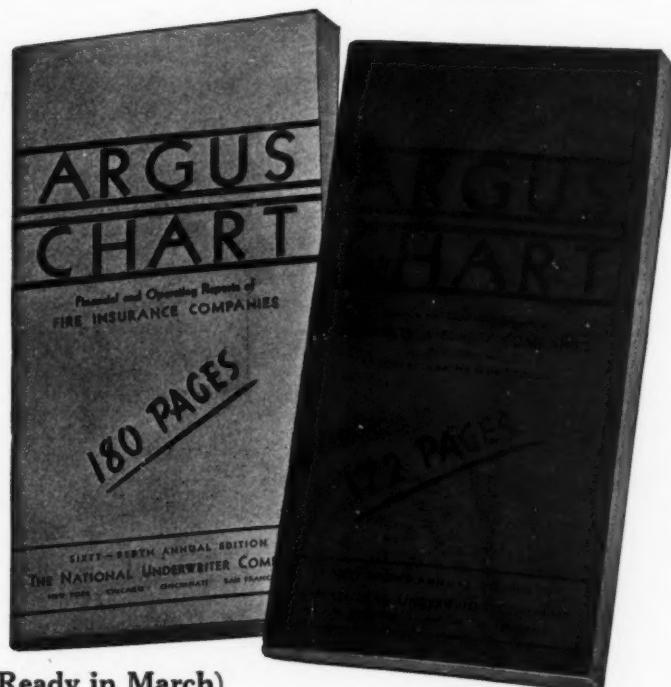
Two new directors were elected: C. L. Nevens, vice-president General Underwriters, and R. W. Wolf, Raymond & Raymond, to serve for 3-year terms, W. B. Cary, president Michigan Insurance Agency, and Mr. Karrer were re-elected for 3-year terms. The new board will meet Jan. 27 to elect officers.

W. O. Hildebrand, executive secretary Michigan association, Frank Cordeiro, deputy commissioner, S. E. Burwell, chief of the licensing division of the department and E. C. Greer, resident manager Employers group, were among those introduced.

\$9,000,000 Bond on Coast

LOS ANGELES—The Los Angeles branch of Aetna Casualty originated a bond for \$9,000,000 signed late last week in New York City, on an "advance payment" additional allotment for air planes made to the Consolidated Aircraft Corp. of San Diego.

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"Surplus to Policyholders" and "Total Liabilities" for stock companies are shown as separate items only in the Argus Fire Chart. "Reserves for Liability and Compensation" are separated from "Net Unpaid Claims" only in the Argus Casualty Surety Chart. Also in the Casualty Chart, Classification of premiums written for leading Mutual companies (as well as for all Stock companies) is shown.

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